DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO Jan. 4, 1943.

With winter wheat in the dormant stage, any forecasts on the new crop are subject to many changes before actual harvest time. However, conditions at the present time on the whole are extremely favorable. The U.S. Department of Agriculture in their release of January 2nd, states there was a material reduction in snow coverage during the week in the main winter wheat belt, although no damaging temperatures. But in looking over the Kansas Weekly Crop Report, we find it comments that excessively heavy rains fell over the eastern third of the State, and in a number of central counties during that week, with moderately heavy falls in the western half. The last government report gave the State of Kansas, the largest producing area of winter wheat, a condition of 91% against a condition at the same time last year of 88%. In looking over the detailed map by counties, the condition in the western third, or the Dust Bowl, where large crops are at times produced, is even better than the balance of the State. This is a rather comfortable feeling, with the reduced seeded acreage totaling 10,449,000 acres vs. 11,116,000 last year, and the ten-year average from 1930-39 of 14,045,000 acres. The reduction from 1941 is not quite as large as it appears from the surface. There were 945,000 acres of volunteer wheat harvested in 1942, which was included in the 1941 seedings. The State of Kansas comprises about 28% of the total winter wheat acreage in the United States. Oklahoma also reports both surface and subsoil moisture the best in several years.

The details of the new price ceilings on flour were issued this morning in a rather voluminous document. While it will take much study to digest the entire contents, it appears from the surface that the new ceiling price on flour would permit the millers to pay from 12 to 15¢ a bu more for their wheat than under the original freezing agreement. Undoubtedly there will be some disparities under the new ceilings. One of our friends in the milling industry has given us the following interpretation. Prices on soft winter wheat are too high for the new flour ceilings. Prices on high protein hard wheat are about on a parity with ceilings. Ordinary flour prices are now under the ceilings, with the spring varieties showing more leeway than the winter. On the day that the original flour ceilings were issued, December wheat in Chicago closed at $1.26 1/2, while May wheat closed at $1.29 1/2. Whether the farmers will offer enough wheat to take care of the milling demand before ceiling equivalents are reached remains to be seen. Much will no doubt depend on the attitude of the new Congress when they convene within the next few days. There seems to be no question that a certain element desires full parity prices without any benefit payments being deducted, to be the real ceiling price for agricultural products. Therefore, the course of coming legislation will have a strong bearing on the trend of the market.

Primary receipts totaled 2 million bu compared with 1,993,000 last week, and only 467,000 last year. Up to the close of the grain markets, figures for the visible supply had not been posted.

The market opened with a firm undertone, although on the advance liquidation seemed to come into the wheat pit. There was some mill buying, indicating flour sales, but of no considerable volume, but undoubtedly some of the millers bought the futures last week in anticipation of the new ceilings. At the close the May wheat was 1/4¢ per bu higher, and the July was 1/8¢.

Corn prices also opened higher, but the advance was not maintained. The corn-hog ratio stands at approximately 16.3 compared with 14.1 a year ago. With the increased spring crop of pigs, corn will undoubtedly be in good demand all through the year, although it is meeting some competition from other feedstuffs. The Department of Agriculture just issued an announcement prohibiting the purchase of oilmeals for the manufacturing of mixed fertilizers, expressing the hope that the increased supply of meal during the first quarter of 1943 will make adequate supplies available for livestock feeding. CCC officials state that large amounts of feedwheat mill feeds, and other grains will be available for feeding in 1943.

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CHICAGO MERCANTILE EX.

CHICAGO Jan. 5, 1943.

In the battle against inflation, it appears as though the administration in accepting the resignation of Mr. Leon Henderson is undergoing a basic change in the approach to the subject of inflation. Previously it was thought that prices could be kept down to the minimum by the use of subsidies to producers and processors. It now appears as though a new policy will be invoked, which is described by one party as a "curative inflation." Under this plan prices, mostly agricultural, will be permitted to advance somewhat, and by an advance in the cost of living help drain off part of the surplus buying power, which is now accumulating among the consumers. This would have a threefold purpose: First, to prevent the government from going further into debt to pay subsidies; second, to give the consumer less buying power; and third, permit of some advance in what was considered too low a price level. This policy has evidently been inaugurated by the new ceiling prices on flour, and also, certain advances in milk prices in the different metropolitan areas. As a result of the advance in ceiling price, the East reports that a fair flour business has developed and that eastern chain bakers have purchased in excess of 100,000 bbls of spring wheat flour. There is also a somewhat better milling demand reported from Minneapolis, and chain bakers in the Southwest are supposed to have acquired moderate quantities of winter wheat flour.

Offerings of cash wheat in the Southwest are becoming freer and now that the loan period has passed for winter wheat, the majority of receipts at markets such as Kansas City represent free wheat, while a week or so ago, only a small percentage could be classed as free wheat However, on the other hand, undoubtedly many efforts will be made to increase the usages of grains. From information which we have gathered it appears that the government is now asking for offers on flour and food concentrates for Lend-Lease purposes that might involve fair quantities of wheat. According to Dr. Walter G. Whitman, Assistant Director of the Chemicals Branch of the War Production Board, an expended alcohol production program utilizing 100 million bu of grain in 1943 and 200 million in 1944 was outlined before the Senate Synthetic Rubber Investigating Committee. Dr. Whitman claimed that by 1943, 490 million gallons of alcohol will be produced in amounts sufficient to meet all needs, including 200 million gallons which will go into butadiene production for synthetic rubber.

The visible supply, which was not posted until after the close of the market yesterday, showed a decrease in wheat of 1,043,000 bu, and now totals 200,645,000 as compared with 218,888,000 bu the same period of last year. Stocks at Chicago changed but little, decreasing 2,000 bu, leaving the total stocks of wheat in Chicago and afloat as 7,154,000 bu. Primary receipts were 1,546,000 bu compared with 1,195,000 bu last week, and only 573,000 bu a year ago.

At the opening our market responded to the strength in Minneapolis, where there seems to have been fairly good buying by local and country mills, and flour business was reported to be of fairly good proportions. Our market showed some expansion of trade, and more outside interest, also evidence of flour business. At the close May wheat was 1 1/8¢ per bu higher, as was the July future .

There was not much feature to the corn market, although prices ruled firm right through the session.

Oats seem to be coming in for more recognition; the country has been an unwilling shipper, and oats of top quality are in good demand, with sales rather limited. The visible on Monday showed a decrease of 700,000 bu from the previous week, and now totals 8,137,000 bu. Chicago stocks are now 1,256,000 bu, having decreased about 213,000 bu from a week ago. Since the drought years, corn-belt farmers have come to recognize more and more the feeding qualities of oats, particularly to young animals and breeding stock, and with the large feeding program set up for this country, oats will no doubt, remain in good demand.

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CHICAGO MERCANTILE EX.

CHICAGO January 6, 1943.

In discussing the Hoover FarmBoard in 1930, ex-President Calvin Coolidge is quoted as having said: "In Brazil, it was coffee; in Cuba, sugar; and in Canada, the Wheat Board; our producers tried to hold the price of copper and the Farm Board went into wheat and cotton. None of these efforts have been a success. It is not possible to repeal the laws of supply and demand, of cause and effect, or of action and reaction. Value is a matter of opinion. An Act of Congress has small jurisdiction over what men think. When the consumer buys a product, it goes out of the market and disappears; when private or public agents buy to fix an arbitrary price, the product is still on the market; every consumer knows it and waits for the resale. The price can be held only as a local and temporary expedient, which usually makes matters worse. But because all of us are bigger than some of us, not even the United States Treasury is powerful enough to put an arbitrary price on the great world staples with any permanent success." Since the issuing of that statement, much water has gone over the dam in an attempt to better the lot of the producer. In the different forms of legislation, starting with the proposed McNary-Haugen Bills in 1924 and 1926, we have progressively had proposals or actual legislation involving, first, equalization fees; second, the development of cooperative organizations under the Agricultural Marketing Act of 1928, and the debenture plan, the allotment plan, and finally the Agricultural Act of 1938, as amended, which more or less contains the major portion of most of the previous suggestions. But so far no panacea has been found to offset the natural laws nor to replace the organized private system of orderly marketing.

It was almost a foregone conclusion that when our legislators, under the loan program, finally enacted mandatory loans of 85% on wheat, sooner or later the secondary consequences would collide with the ordinary channels of trade built up over the past century. When the original flour ceilings were set, it was not long before the price of wheat caused a chaotic condition in the entire milling industry. With the expectation of higher ceilings, and with the actual schedule being enacted, wheat immediately sought higher levels, and whether or not further revisions will have to be made upward, depends on the amount of free wheat which the farmer will place on the market. In the case of the futures markets, we have very often seen when trading limits of the day were approached, the offset price became a magnate; the market reached that point and became stalemated. While without these restrictions, probably both the longs and the shorts could have been satisfied and normal markets continued. It is very probable that the advancing of flour ceilings may have somewhat the same effect on wheat prices until at least such a point is reached that the producers figure they are receiving the benefit of parity prices.

According to Broomhall, dry weather in parts of India threatens the growing crop. The same source reports that cables from Europe state that the mild weather has ended and that low temperatures now exist in Rumania, where snow covering is inadequate for winter grain and abandonment is expected to be heavy. Furthermore, food supplies in Norway and Spain are very deficient, but new crop prospects in the latter country are rather favorable. France will miss her imports from North Africa, and this will be felt very severely by next summer.

At the opening of the market today, there was some profit taking on the strength of a press report indicating that the CCC was seriously considering the formal call of loans on old crop wheat as a means of ending speculative holding of grain on part of the farmer and forcing more wheat into open markets. However, later in the session, the CCC issued a statement that there was no need for calling loans on old crop wheat at the present time; that although such a possibility was always under consideration, this agency denied that they were taking any action along these lines, and that they saw no reason for the need of such a move. There was not much evidence of mill buying and Minneapolis reported the country more or less a good seller. Trade was of smaller porportions than for the last few sessions, and at the close May wheat was 1¢ per bu lower, and July 7/8¢ lower.

Primary receipts were 980,000 bu compared with 1,276,000 bu last week, and only 277,000 bu last year. So far this week Minneapolis and Kansas City stocks show a total decrease of 439,000 bu.

Corn was firm throughout the session, with sales of about 300,000, and bookings slightly over 100,000 bu.

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CHICAGO MERCANTILE EX.

CHICAGO January 7, 1942.

The President's address before the 78th Congress this morning was awaited with eager anticipation by the entire Nation. He pointed out the strides that have been made in this country, and by our allies over the past year, that we have now changed from a defensive Nation to an offensive one, and would carry the war further into the enemies own territories. He touched on the progress this country has made in production, mentioning that during the month of December we built 5,500 military planes, and were now making more than the combined production of Germany, Italy, and Japan. He further lauded the farmers for their efforts in producing food, but in his address did not shed any light as to any possible new farm legislation.

Deep concern is starting to be expressed over the prospective food conditions for this year. It probably is too early to forecast whether production will be less in 1943; however, it seems an assured fact that demand will be greater, not only for our armed forces, but also for North Africa and all our allies. With the huge carryover, fortunately, this shortage will not be felt in wheat. Whether any of the products of wheat will be scarce will depend a good deal on price ceilings and distribution. According to present indications, adequate supplies of wheat will be available for export from this country and other producers at the end of hostilities, which is contrary to the condition existing at the close of prior major conflicts.

Broomhall, in his recent article, comments on the conditions in the Middle East, and points out that in Iraq and Iran the 1942 harvest was a very meager one. While in the case of Turkey, with the little information obtainable, it is doubtful whether the sum total of that country's grain yields will cover requirements. In pre-war years, the Middle East was nearly self-supporting in cereals, but transport difficulties, hoarding, and speculation, along with the poor yields have greatly increased their dependence on imported supplies. From Sanford Evans we learn that weather in the Argentine continues generally favorable for harvesting, which is now extending southward into Buenos Aires. The production is officially estimated at 242,500,000 bu, an increase of 18 million over last year's crop. With an estimated carryover of 160 million bu, the possible outturn of 242,500,000 bu would give that country total supplies of 402,500,000 bu; deducting seed, feed, and home requirements of approximately 100 million bu, would leave available for export and carryover a little over 300 million bu. The same source reports harvest in Australia also making rapid progress, with a crop in view of approximately 150 million bu. It has been estimated their carryover on December 31, 1942, totaled about 100 million bu; deducting seed, feed, and home requirements of 50 million bu would leave available for export and carryover about 200 million bu.

A joint United States-Canadian Farm Production Conference was concluded at Washington yesterday in the interest of further coordinating agricultural production, feed distribution, and large feed supplies in the two countries. Importance was placed on expanding livestock production and to take steps towards establishing adequate reserve supplies of feeds with a view to a possible interchange of such supplies between the two countries as the need arises. Although in this connection, it must not be lost sight of that extraordinary war powers have so far been denied President Roosevelt, which would enable him to decrease trade barriers. The outlook for demand for feed grains in this country still looks very strong.

Primary receipts were 1,020,000 bu compared with 970,000 bu last week, and only 396,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 722,000 bu.

Our market opened with traders more or less assuming a waiting attitude on the President's address. However, during the session there was evidence of considerable flour business, and the lifting of hedges, no doubt representing the consummation of the expected purchases on part of government agencies. The advance in price seems to be drawing out wheat a little freer in the Southwest, but the pressure was in no way equal to the demand. At the close both May and July wheat were about 1 5/8¢ per bu higher.

Throughout the session corn was strong, and the demand keeps up. The feeding ratio, as of January 2nd, showed some downward revision; it is now 15.6 compared with 16.3 the previous week, and 13.8 a year ago, The advance in corn should help the demand for oats.

UHLMANN GRAIN CO.

UHLMANN GRAIN COMPANY

TELEPHONE HARRISON [illegible]

141 W. JACKSON BLVD.

CHICAGO, January [illegible], 194[illegible].

The President's address before the joint Congress [illegible] was [illegible] with [illegible] by the [illegible] Nation. He pointed out the [illegible] that have been made [illegible], and by our allies over the past year, that the [illegible] was changed from a defensive war to an offensive one, and would carry the war further into the enemy's own territories. He touched on the progress this country has made in production, mentioning that during the month of December we built [illegible] military planes, and were now making more than the combined production of Germany, Italy, and Japan. He further lauded the farmers for their efforts in producing food, but in his address did not make any [illegible] farm legislation.

[illegible] food conditions for this year [illegible] too early to forecast [illegible] in 1943. However, it seems [illegible] not only for our armed forces, but also for those of our allies [illegible]. With the huge carryover [illegible] of the producer [illegible] will be [illegible] adequate supplies [illegible].

[illegible]

A joint [illegible]

[illegible]

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CHICAGO MERCANTILE EX.

CHICAGO January 8, 1942.

According to the U. S. Department of Agriculture, income from farm marketings for the first eleven months of 1942 was at a record level of $13,868,000,000, or 37% higher than the same period of 1941. To this should be added $625 million for government payments in one form or the other to the farmer, bringing total farm income for this period to $14,493,000,000, an increase of approximately $4 billion over the same period the previous year. Forecasting results for the full twelve-month period, federal subsidies may approach the high level of $900 million, and total farm income $15,900,000,000. So taking the agricultural picture as a whole, the farmer should have completed a fairly satisfactory year, although faced now with new problems as to manpower, competition from increased wages in war industries, etc. The President in his speech yesterday did not touch on the controversial farm issue, but in the meantime it is reported that representatives of farm organizations have been meeting in Washington with Congressional farm bloc members to draft recommendations, both for legislative and administrative action. While no definite plan has been announced, part of the discussion seemed to be around the rewriting of the parity formula, with the possibility of changing the base period from 1909-14 to 1919-29. As there is quite a feeling that the directive order setting ceilings was in direct opposition to the intent of Congress when passing the anti-inflation bill, there probably will be a movementto introduce legislation prohibiting the setting of ceilings on agricultural products at less than full parity. Whether any subsidy plan will be continued is not clear, but evidently those representing farm organizations are opposed to the continuation of same.

Reports from Argentina continue to stress the favorable progress of harvesting and the slow export demand, with only small quantities moving to neighboring countries. Threshing is about completed in Australia, and according to Sanford Evens, observers believe that the wheat acreage in that country next season will show a marked reduction due to large supplies available and curtailment of exports. The Australian government desires to intensify the production of dairy products, meats, sugar, rice, fruits, and oil seeds.

In our own country, according to the latest Oklahoma Weekly Crop and Weather Bulletin, small grains are in generally good condition, although there is some talk of greenbug infestation in the central and south central districts. The latest Kansas report of the Department of Agriculture indicates that winter wheat appears to be going through the winter in good condition, with soil moisture supplies the best in years. There is some comfort in having the early favorable crop conditions, as the area sown to winter wheat in the United States this fall is the smallest in the last twenty-eight years.

According to the statistics of Sanford Evans, the limit of deliveries for the Prairie Provinces in Canada for the season 1942-43 is 280 million bu, which is based on a delivery quota at many points of 14 bu per acre. Up to December 24th, or twenty-one weeks, actual deliveries have been approximately 139 million bu, or about 50% of the allowable deliveries. As of the same date, the indicated disappearance would point to the export of 65 million bu since thestart of their crop-year.

Primary receipts today totaled 1,226,000 bu; there is no comparison with last week on account of a holiday, but a year ago receipts were 390,000 bu. So far this week Kansas City stocks show a decrease of 497,000 bu; there are no figures available for Minneapolis.

The wheat market opened this morning with an easier tone, and there was a noticeable absence of the supporting orders from milling interests which had been so much in evidence yesterday. Traders seem to be taking a sort of side-line attitude, trying to appraise the amount of wheat which might come back into free channels at this level, and also the effect of possible legislative action in Washington. Offerings in the Southwest have been a little freer the last few days, but as yet are not running in large proportions. At the close May wheat was 3/4¢ per bu down, and the July 5/8¢ lower.

Corn held relatively firm through the entire session, with good shipping sales reported; the demand from industries continues.

Oats continue to gain friends, and this cereal offers some speculative possibilities.

UHLMANN GRAIN CO.

UHLMANN GRAIN COMPANY

[illegible]

Chicago January [illegible], 194[illegible]

According to the U.S. Department of Agriculture, income from farm marketings for [illegible]

[illegible]

In our own [illegible] the latest Weather Bureau Weekly Crop and Weather Bulletin [illegible]

[illegible]

According to the statistics of [illegible]

[illegible]

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CHICAGO MERCANTILE EX.

CHICAGO January 11, 1943.

The President's budget message was presented to Congress this morning, and calls for expenditures exceeding $100 billion for the fiscal year 1944. He recommended that 50% should be met from current receipts and that not less than $16 billion additional should be raised from either taxes or forced savings. While taxes will undoubtedly cut deeper into everyone's income and every corporation's earnings, it would seem that the expenditure of the tremendous amounts of money necessary to win the war would express itself in some inflationary tendencies. The budget calls for aid to agriculture totaling $837 million, of which $400 million would go for conservation payments, and $96 million for subsidizing exportation and domestic consumption of surpluses. Continuation of parity payments was proposed, but we do not know yet whether any provision was made for same in the budget.

More attention has been directed the last few days to the feed situation rather than to wheat. Because of the increase in meat and poultry production and the demands for feeding, Secretary of Agriculture Wickard has removed restrictions on corn acreage, and has asked for an increased acreage from 95 million to 100 million acres. Furthermore, to encourage the raising of barley, the Department announced the support of that cereal at higher levels than at the present time, suggesting that it might be as much as 80¢ a bu compared with 55¢ on the last crop. Further calling attention to the feed situation was a statement emanating from a meeting held by the feed manufacturers and department officials, that a bottleneck exists in the feeding program due to limited processing facilities to provide sufficient quantities of high protein feeds, which are necessary for hogs, beef, dairying, cattle, sheep, and poultry. This undoubtedly will lead to a greater demand for corn and other feed grains.

There was no particular wheat news overnight. There is some storage wheat being redeemed in the Southwest, and also other wheat moving, but it is more or less of moderate proportions, and as yet no evidence of real pressure on the market. When one considers that the average loan price on the farm is $1.14, and that if a farmer would redeem his loan, he must forfeit the 7¢ advance for storage, it would represent a price of $1.21. Chicago May wheat is now selling around $1.40, and with a differential of 18¢ over the country, it would make the basis back on the farm $1.22. While good premiums exist for cash wheat, it would seems as though from the above figures that it would take a somewhat higher level to attract large quantities. Furthermore, with the bad conditions of the roads at the moment, there is very little moving from farms, although this may change when drying weather finally sets in.

With the passing of 26 weeks, or half the crop year, exports from the United States from July 1st through December 31st, totaled 9,180,000 bu. The second half of the year may call for much larger shipments of our wheat and flour under Lend-Lease operations. On the other hand, in Canada for 22 weeks, exports are around 65 million bu. This afternoon the government will issue its report on farm reserves as of January 1st.

According to reports emanating from Washington, congressional farm bloc leaders have decided to carrytheir case for relief of agriculture direct to the President, and they are convinced that unless remedial steps are taken the nation will face a critical food year. Their line of reasoning seems to be that upward adjustment of farm prices would not be inflationary, as the official government figure shows that only 17% of every family's income goes for food, which is the lowest percentage in 30 years.

Primary receipts were 2,186,000 bu compared with 2,000,000 bu last week, and 1,109,000 bu a year ago. The visible supply figures were not posted by the close.

As the session progressed fair milling demand developed, although some pressure was felt from hedges from the Southwest. Wheat was also helped by the strength in corn, but advances were not maintained, and at the close May was 1/2¢ per bu lower, and the July future 1/4¢ down.

Corn ranged strong throughout the entire session. According to figures issued by the government in its first report of 1942 loans, there was 2 million bu less put under the loan than for the same period of last year. During the session all corn futures sold at $1.00 and above.

Oats also enjoyed a healthy demand, and higher prices were registered.

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CHICAGO January 12, 1943

After the close of the market yesterday, the Department of Agriculture issued certain figures showing that feed grain stocks on farms were at a record level. There was 2,277,332,000 bu of corn on farms on January 1st, which was the largest reserve of the seventeen years for which records have been kept. The previous high was just a year ago, but in further analyzing the situation, it appears that the disappearance thus far has been about 15% greater than in 1941, and if continued, it is reasonable to expect that the total disappearance for twelve months will be about 420 million bu greater than for the previous season.

The trade construed this in a rather bullish vein. Undoubtedly prices would have been somewhat higher this morning except for the fact that shortly before our market opened, the OPA placed a ceiling on all corn futures and cash prices at the highest levels reached yesterday. This was designed to halt further sharp advances and thus keep corn at levels at which the distribution would make it more easily acccessible to feeders where ceiling levels had already been established for cattle. In other words, the whole program is intended to prevent inflationary tendencies.

In taking cognizance of what has happened, it is interesting to note that the farm parity for corn on December 15th was 99.5, and the average farm price at that time was 80.2. Of course, in matters of this kind, the government takes the stand that present prices for corn reflect more than actual parity, taking into consideration the various AAA payments made by the Department of Agriculture. We feel convinced that there will be any number of great distortions when this new edict is actually put into practice. There is no way of compelling farmers to sell their corn, and it may be that certain feeders who do not raise their own supplies, or commercial interests which are independent upon the country for what they grind, will later find themselves unable to get their requirements.

The immediate effect, however, was that the trade became rather alarmed at the sudden turn of events, and there was considerable liquidation in all pits. Wheat prices declined rather sharply, with stop-loss orders uncovered, but markets became a little more settled after the first ten or fifteen minutes of trade.

In wheat, the situation is also bearish when viewed from a statistical angle, but on the assumption that crop and carryover totaled 1,608 million bu, there is no large quantity of grain pressing on the market, for the reason that probably 425 million bu has been impounded from the 1942 crop. There is also 46 million bu from the 1941 season, which may finally be sold; therefore, we leave this out of our calculations. In any event, there is still 247 million bu frozen from previous years, or possibly a grand total of 672 million bu made sterile through the loan program. When this is deducted from supplies on hand at the beginning of the season, it leaves us with 936 million bu, of which possibly 750 million bu will be used at home owing to the fact that some will be needed for commercial alcohol, or for similar purposes. This would mean a carryover of 186 million bu next July of free wheat, less, of course, the amount which we export; up to the present time very little has been shipped. However, under the lend-lease arrangements, it is quite likely that the latter half of the season will bring larger developments.

Primary receipts were close to 2 million bu compared with 1 1/2 million bu last week, and only 611,000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 222,000 bu.

Fluctuations became tamer than the initial transactions which had carried prices to the lowest levels in several days. It is naturally very confusing to traders to try to figure out what the overnight developments may be when such sudden surprises are announced, as was the case today with the corn ceiling.

Final prices showed declines of 2 3/8¢ a bu for the May future while July was off 2 3/4¢.

Corn was naturally watched more than other cereals, for the reasons which we have explained above, and it may take further clarification before definite convictions can be expressed. It is our own opinion, however, that feeding operations will continue on a heavy scale.

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CHICAGO

January 13, 1943

Not much attention is being paid to war developments, although at times the trade in rye expands and prices advance on the theory that once peace is established, Russia, Poland, and those countries which are ordinarily heavy rye consumers might be in the market for their supplies. It is, of course, true that the war picture is brighter now than it was a year ago, or even six months ago. Great progress has been made all along the line since we suffered our first great shock and gloom at Pearl Harbor. It is quite definitely established that while we might have to fight the Japanese even after the war with Germany is ended, we have checked their activities to a great extent in the Pacific. Various cities in Germany are bombed with intermittent regularity, and from the information that escapes from that country, the morale is not nearly so high as it was before our big Fortresses and the RAF had taken tremendous toll of their factories and railroad terminals. The Russian armies have not only succeeded in defending Stalingrad, but have actually taken the initiative on many fronts, while Egypt has been saved and Rommel driven back in North Africa.

Just what the wheat situation will be after normal activities again become possible is difficult to forecast, since nobody can state at this time the extent to which our government will give away supplies to a hungry and worn populace. It must also be taken into account that our friendly neighbor policy with respect to these considerations is of prime importance. Obviously Canada, with a huge surplus, will want to share in the export trade even though financially not equipped to do the business on a charitable basis. The same refers to a smaller extent to the Argentine, where crops are more than ample, and where export trade at the moment is limited to the capacity of available tonnage.

When our market opened this morning, prices were reasonably firm, and there is always the chance that milling demand will again improve, so that further hedges may be taken out of the pit. On the other hand, there is naturally some hesitancy until the full effects of the corn ceiling program are determined. In today's market, the country was a much more liberal seller of corn, having possibly concluded that the sixty-day stay may become permanent, and that, therefore, any surplus over and above the amounts needed for feeding purposes right on the farm may as well be sold now as later, since the price is limited by an advance of 2 to 3¢ a bu unless greater tolerance by the OPA is granted. There might have been a little more activity in oats, with the corn market restricted, except that traders are somewhat fearful that the same practices might apply to oats later on if they advance much. Furthermore, there is not the same glamor to this cereal since Canada raised about twice as much as last season, and after the opening of navigation, shipments from that country might increase materially if our price level advanced sufficiently to induce imports.

Primary receipts of wheat were 1,314,000 bu compared with 980,000 bu last week, and 540,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 507,000 bu.

There was no special news, nor was pressure very heavy, although corn was weaker, owing to the fact that bookings from the country were very large, and this affected the leading cereal to a fractional degree, with final prices about 1/4¢ per bu lower. Possibly on the decline millers are in a slightly more comfortable position, but a great many of them are operating at a disadvantage, even with the relief afforded by the new ceilings. In several instances, flour distributors are not permitted to carry on the usual volume of business, and some have claimed that unless further relief is forthcoming, they may be forced to curtail operations at least temporarily.

Prices for oats were firm; the main threat seems to be imports from Canada,atlhough with navigation closed, most of the business would be to the New England States. Later on, of course, shipments may be more general to other parts of this country.

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CHICAGO MERCANTILE EX.

January 14, 1943

About a month ago, the open interest in wheat reached the lowest point since figures have been kept, amounting to about 25 3/4 million bu. At the moment there has been some slight improvement, but all contracts total only 28 million bu, indicating that there has been no material broadening either in the public participation or in the quantity of wheat hedged. For this reason, the technical position of the market has always been sound. In other words, there was never any heavy liquidation overhanging the market, and even when adverse news came from Washington or from other sources, there was only moderate selling.

We were told late yesterday that the government would make available to millers about 8 million bu of soft wheat at parity prices. In some instances they may pay the freight to get it to the location where needed, but in any event it willnot be sold at sacrifice prices. In view of the fact that Illinois and other red wheat States raised only about half as much as in normal years, it is not at all surprising that there should be a certain scarcity for this particular type of grain. Furthermore, there were heavy quantities impounded last year, when also the crop was of very moderate proportions, so that certain millers were finding themselves in a very tight position with respect to supplies. It was also stated that if necessary theCCC would call loans on an additional 41 million bu of soft wheat if the first move failed to provide sufficient grain, and the result was that opening prices were somewhat lower on this news. A more careful analysis, however, reveals the fact that by far the largest part of the crop, consisting of hard winter wheat or spring varieties, will not be affected by this action. Later on, when corn and oat prices improved, the leading cereal also advanced, with apparently a better milling demand in evidence.

The general news remains about the same as we have reported in previous letters. Winter wheat is in the dormant stage, and while temperatures have been comparatively mild, they were not high enough to cause any growth. The condition of the plant is very good on the whole. It apparently was well rooted, and at the moment shows good color. Later on, there may be crop scares, as the acreage is very radically reduced from other years, although moisture conditions are extremely favorable, and it is still entirely possible that even following last year's fine results, we may get average results, or even better. In about two weeks farmers in the Northwest will no longer be able to make loans from the 1942 harvest. As previously stated, there is a total of 385 million bu reported frozen from all sections of the country, but the chances are that the full figure will be in the neighborhood of 425 to 450 million bu after all calculations are made, and after the program is terminated. This, together with 247 million bu from other years, is a very sizeable quantity, and in fact, is actually more wheat than we raised in any of the four drought years from 1933 to 1936, inclusive, when the average winter and spring wheat crops were only 582 million bu. Actually, the government will be in control of more than twice as much wheat as was accumulated during the Farm Board era, and this seems to be the main reason for the artificial situation which now is at hand.

Primary receipts were quite large at 1,602,000 bu compared with 1,020,000 bu last week, and 545,000 bu last year. Stocks at Kansas City and Minneapolis so far this week show a total decrease of 789,000 bu.

While the market was slightly lower at the start, there was sufficient buying power to give us firmness, and the close showed advances of about 7/8¢ a bu.

Corn bookings were somewhat smaller than yesterday and about equal to the sales out of this market.

Oats were very strong, and in some southern sections of the country, shortages are reported, despite the large crop which we have raised. In our opinion, the feeding situation is extremely sound.

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CHICAGO MERCANTILE EX.

CHICAGO -- January 15, 1943.

This is ordinarily the time of year when a bear market in wheat may be expected. There are good reasons for it, and it is not simply a matter of superstition. First of all, the milling demand in this country begins to slacken, and furthermore, in years when the European demand is normal, shipments from this country are no longer heavy since the supplies are furnished largely by Southern Hemisphere. When we share in the export trade, it is the usual thing that 70% of the business is done during the first four months of the crop year, and from that time onward there is very little activity. We are going through such very unusual times that any previous standard, or precedent must be discarded. First of all, the exports for the first half of the season amount to less than 10 million bu, but the way things are lining up under Lend-Lease, we may ship a good deal more during the latter half of the year. It would be futile to try to set a definite figure at this time, because when wheat is "lend-leased" it is obviously much easier to get it into consumptive channels than when it has to be sold. Furthermore, it is not a simple matter to put Argentine grain afloat because of the long haul, and this week's shipments amounted to only 1,337,000 bu, which is extremely light considering the large crop that was raised and the tremendous carryover from the previous season. Argentine weather has been favorable during harvesting period, and the new crop is apparently of good quality. Practically all of the shipments are going to neighboring countries, and the movement since August 1st has averaged only 1,325,000 bu a week compared with 1,820,000 bu average during the period 1931-35. The exportable surplus is estimated by Broomhall at 305 million bu, and corn at 361 million bu, but we are afraid that there is little relief in sight, insofar as European trade is concerned. The same holds true for Australia, although we do not have access to all the figures owing to censorship.

It is also a little difficult to arrive at definite conclusions as to the volume of overseas business transacted by Canada, but we do know that in twenty-three weeks, or since August 1st, total wheat disappearance has amounted to 91 million bu. On the assumption that home use was at the rate of about a million bu weekly, it is fair to estimate that they have cleared 65 to 70 million bu of wheat and flour. Thus our northern neighbor was in the lead at being able to conduct the biggest foreign trade of any of the surplus countries.

All markets were firm today, despite the fact that there was little overnight grain news. There is good progress generally in the Southwest with relation to the winter wheat plant. In Oklahoma, for instance, small grains continue to furnish fair to good winter pastures in most areas. The condition is generally above normal, except in a few central and southwestern counties where insect damage is reported. For the whole country, the moisture situation from July to December was certainly favorable. Texas, for example, is officially reported at 123% of normal; Oklahoma, 125%; Kansas, 128%; Missouri, 119%; and Illinois 122%. In fact, there were only eight states in the Union where there was a deficiency, but in all others rains have apparently been bountiful.

Primary receipts were more than double of last year, amounting to 1,387,000 bu; this compares with 1,226,000 bu last week, and 615,000 same date in 1942. Kansas City stocks for four days decreased 694,000 bu. When the visible supply of wheat is posted on Monday it will compare with a decrease last year of 2,260,000 bu.

Prices were rather firm throughout the session. While the milling trade was not particularly active, it was thought that some hedges may have been covered against export business to Mexico. Final prices were 3/4¢ per bu higher for the May future, while July advanced 1/2¢.

Corn and oats were also strong, and the feeding situation remains sound. Some trade which might ordinarily go into corn is discouraged owing to ceilings, but there is a better sentiment in oats on the theory that if the government uses the same formula in figuring parity income, even then any application of ceiling prices would still be some distance away.

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CHICAGO MERCANTILE EX.

CHICAGO January 18, 1943.

War news over the week-end was extremely satisfactory, particularly the heavy RAF bombings over Berlin, with apparently heavy discharges of 2 to 4 ton bombs, together with tens of thousands of incendiaries, bringing about great destruction.

As for grain news, there was very little, and our market started on rather firm footing, with the belief that Lend-Lease operations in flour would be much larger for the second half of the season than during the first six months, possibly as much as 75 or 80 million bu being ground into flour for overseas shipment. This in itself is not so very bullish, owing to the fact that wheat and flour exports in twenty-seven weeks are less than 10 million bu, but nevertheless, with additional quantities needed for the manufacture of commercial alcohol and apparently a considerable amount of wheat going for feeding, the carryover situation next July may not be as bad as had been anticipated. Nevertheless, after many days of advancing markets, there was a little profit-taking this morning, and apparently buying both for mill account and toward Mexican business had been more or less satisfied on Saturday, with the result that lower prices were recorded on rather small sales in the pit. Many people continue to hold on to corn, viewing the feeding situation as being extremely sound. They are possibly correct in this analysis, although if the government persists in keeping a ceiling price so near the present market, naturally the incentives for making new commitments are absent.

There has undoubtedly been a fair amount of interest shifted into oats, and this cereal has had considerable merit, despite the fact that a large crop was raised. Nevertheless, one can never lose sight of the fact that Canada produced a bumper crop of oats last summer, amounting to 652 million bu compared with previous production of only 305 million bu. In spite of this Canadian prices are at the ceiling, and those who have tried to make purchases in that country have not been entirely satisfied. Still we find that on January 12th, 41,000 bu was shipped to the United States; the following day, 31,000 bu;January 14th, 81,000 bu; and the day following nearly 100,000 bu. So there is at least a fair amount of all-rail business taking place between the two countries, and later on there is a chance that when navigation opens, Canadian boats might bring in a good deal more. With this in mind, the situation bears close watching. It is not likely that our own vessels will bring down a heavy supply of oats from Canada, as their first interest will be in war transportation, mainly the ore shipments from Duluth and Superior, but since Canada has a vital interest in getting rid of a burdensome surplus, we feel that traders must keep an eye on this factor.

Wheat loans indicate that 397 million bu is impounded but with a certain lag in reporting, the actual amount must be somewhat greater. The CCC also reports a decrease of 8 million bu from their 1941 holdings, with a total of 239 million bu still on hand. Some of this grain undoubtedly represents sales to feeders, and possibly some also for the manufacture of alcohol, etc., and the larger movement of grain in the Southwest suggests a considerable shifting of federally held grain, which all seems to be a part of their program.

The visible supply was not posted during the session, and other statistics were of no market importance whatsoever.

Trade was rather small today, and there was no particular incentive for new transactions. Nevertheless, there was fair support on the breaks, and wheat is a commodity in which impoundings are so heavy that there is not the usual pressure upon the market considering the vast supplies. Last figures showed a decline of 3/8¢ per bu.

Corn was just a fraction lower, and the feeding value is so good that farmers do not have to sell their supplies except in a leisurely manner.

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CHICAGO MERCANTILE EX.

January 19, 1943

There was again very little grain news overnight, although temperatures everywhere were frigid, and even in many southwestern districts below zero thermometer readings were recorded. Consequently, we are likely to hear some complaints at a leter date. On the whole, snow covering has been fairly general, but even in districts where it drifted, there has been ample moisture up to now; therefore, ultimate damage will probably be less than if the ground had been dry. It is probably a fact that winter barley and fall oats may have suffered to some extent, but this cannot be accurately foretold until a much later date. In any case farm reserves are so large that even a somewhat smaller yield next summer may not be so serious. Taking the State of Kansas, for instance, the farm stocks of wheat on January 1st totaled 107 1/2 million bu, which is as much as is sometimes raised in that State, and it compares with the ten-year average of only 34 million bu, thus indicating that a great deal of grain is still held in the country. This also refers to other cereals, and the combined farm stocks of wheat, corn, and oats were close to 200 million bu on the first of the year, which is more than a half larger than the amount on hand a year earlier and about 2 1/4 times the ten-year average for the period 1931-40.

Our market has been a little hesitant at around the $1.40 level, which is not surprising, as after all some redemptions are possible, although mostly red wheat, and approximately 2 million bu has gone back into commercial channels during the past fortnight. On the other hand, whenever breaks occur, a little better milling demand springs up, and thus there is no likelihood that we shall have material weakness, at least until a period is reached when much heavier redemptions can take place.

While all the weather stations are reporting uniformly cold conditions at home, we are told that Argentina is suffering from a heat wave, with temperatures in excess of 100 degrees Fahrenheit, and following the month's-long drought, this may reduce seriously the production of beef, fruit, and corn. Nevertheless, wheat has been mostly harvested and with small exports likely during the season, Broomhall figures that on August 1, 1943, she may still have 280 million bu of surplus on hand. Australia, he estimates, will have 210 million bu; Canada, 730 million bu; and the United States, 850 million bu. The latter figure is probably somewhat too high owing to the increased quantities now made available for Lend-Lease, commercial alcohol, feeding, etc., but in any event, the four surplus countries should have close to 2 billion bu of wheat to spare compared with 1,377 million bu last August; 1,052 million bu in 1941; 768 million bu in 1940; 630 million bu in 1939; and only 304 million bu in 1938, which was one year prior to the opening of hostilities. Consequently, it will be seen that from an international point of view, even if peace comes to the world, there will be tremendous supplies to take care of almost any kind of emergency.

Primary receipts were 1,598,000 bu compared with 1,944,000 bu last week, and 1,222,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 20,000 bu.

Wheat was never very strong, even at times when corn showed moderate gains. There does not seem to be any particular selling pressure, but ever since last Saturday trade has become moderate, and small selling orders easily influence the price. Final quotations showed a loss of about 1/2¢ per bu.

Corn, late in the session lost some ground after the leading cereal turned weak, but it has been selling rather close to ceiling levels. This is based largely on the feeding opportunities, with hog prices well maintained.

Oats were quite steady, but there is always the treat of Canadian imports.

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CHICAGO MERCANTILE EX.

CHICAGO January 20, 1943.

We mentioned in our market letter yesterday that the four important surplus countries might have close to 2 billion bu of wheat on hand for export next August, which would be practically three times the normal. Canada, alone, may have 725 million bu, which is about six times the amount needed for home consumption during a twelve-month period, and therefore, if peace comes she would naturally be most anxious to get as much grain as possible into exporting channels, Considering that storage a few years ago was inadequate for taking care of so much grain, particularly with the large rye, oats, barley, and flax crops, she has really done a remarkable job in the way of creating additional space. The same is not true in the Argentine, where at present shipments are very difficult, and where an official estimate has now placed the wheat surplus at 304 million bu and flax at 122 million bu. As a matter of fact, a good deal of the grain down there has to be sacked, since elevator space is not sufficient to take care of the tremendous quantities on hand. It is estimated that 75 million bags are available, but this is only half the number required for the wheat and flax crops, and since these bags are controlled by the government they are apportioned to growers presumably on an equitable basis. In Australia, the exportable surplus of wheat is estimated now at between 190 and 200 million bu. This record supply is also creating a serious storage problem. Possibly moderate quantities of flour will be shipped to neighboring islands during the war. Sanford Evans also states that hope is held that shipments may be made to India to relieve food shortages and to replace rice imports from Burma. Nevertheless, after the war is over these two Southern Hemisphere nations will be most anxious to reduce their surpluses, since combined home consumption of the two countries amounts to only 150 million bu.

It is not too easy to get reliable data from Europe on crop conditions, but the weather seems to be about seasonal, and an overall summary suggests that the outlook is better than a year ago. Intense cold now prevails the same as in this country, and only a partial snow covering is reported; therefore, damage in the exposed areas is likely. It is now a fact that the United Kingdom is taking a larger share of its bread grain purchases in the form of flour. This is due to the diversion of larger tonnage to actual munitions. However, Britain is relying almost entirely on her own production of feedstuffs, and the time is not far away when homegrown barley and oats will be introduced into the British national loaf of bread. The change will probably be made gradually and unannounced in order to attract less attention.

Meanwhile, our Lend-Lease program is assuming larger proportions. For the first time shipments of food to Russia are greater than those to the United Kingdom. Just how much flour will finally be placed afloat remains a question, but obviously, much more than for the first six months of the crop-year, when only about 10 million bu was cleared from all United States ports. Some millers believe that possibly one-third of their grind will be sent out of the country until next July, including the requirements of our armed forces.

Primary receipts were somewhat smaller at 982,000 bu compared with 1,314,000 bu last week, and 760,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 149,000 bu.

Wheat was rather firm early in the session, with corn prices also slightly higher, but at this season of the year milling demand is rather light, and possibly it will not pick up until a little later on. We feel, however, that any breaks from the present level would encourage business. Final prices were about unchanged.

Despite the high prices for hogs, corn was indifferent, and the same was true of oats. In the latter, the threat of Canadian imports continues to be a factor, although domestic consumption is still very great.

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CHICAGO MERCANTILE EX.

CHICAGO January 21, 1943.

While there is no official confirmation or information, a certain newspaper press dispatch from Washington has caused so much comment that we cannot refrain from mentioning same. According to the article, there is extreme pressure being exerted by the OPA on the Department of Agriculture to either agree to a ceiling on wheat prices similar to that now on corn, or else to call loans on both hard and soft wheat and thus cause large quantities to be released. The article further indicates that agricultural officials are discussing ceiling action similar to corn but that no decision has been reached.

For many, many decades before the introduction of government programs, free and open markets and the operation of supply and demand led to free interchange of goods for a quick correction of local situations. Prices registered the appraisal of market conditions and alleviated any temporary situation. Unfortunately, if ceiling prices should be placed on wheat similar to those enforced in corn, proper regard would not be given to the difference between the price of cash and futures. At the present time, good milling grades of hard wheat are selling in the Chicago district at premiums of 5 to 6¢ over the May price, and it would take only a relatively small advance on these grades of wheat to bring them close enough to a price that could absorb the accumulated charges on their loans to induce some redemptions. If however, prices should be frozen, as they were in corn at the highest levels, for a stated period, we might take for granted that it would be $1.40 3/8 for the Chicago May price, and it is the futures price that affects the majority of farmers for the reason that so many of the loans are in small units of possibly 200, 300, or 400 bu. Figuring that the 1942 loan was $1.32, basis Chicago, most of this wheat has now been under the loan for possibly the better part of five months. Therefore, the accumulated charges would amount to somewhere in the neighborhood of 10¢ a bu, bringing the price to $1.42. At Kansas City, the loan was basis $1.27, and accumulated charges in that market amount to 11 to 12¢, which would bring the price to the farmer with charges in the neighborhood of $1.38. Therefore, it would follow that if loans were called, defaults might be quite heavy, and as we understand the present law, the CCC has no authority to sell wheat for milling purposes under parity. Therefore, the calling of loans, with the exception of red wheat, where premiums practically reflect parity prices, would not force this wheat into free trade channels. Ceiling levels around the price as suggested above would accomplish no purpose other than to further stagnate private trade and further enlarge governmental operations. The ceiling might furnish some temporary relief to millers in certain localities, but as we have so many times points out in the past, it is the secondary consequences which have to be watched.

Primary receipts today totaled 1,216,000 bu compared with 1,602,000 bu last week, and 634,000 last year. Kansas City stocks so far this week show a decrease of 309,000 bu; no figures are available for Minneapolis.

Weather has moderated throughout the winter wheat belt, and so far no complaints have been received of excessive damage as a result of the recent cold spell. While there was no other grain news of importance overnight, the attention of the entire trade is drawn to the possibility of a wheat ceiling, and great confusion has resulted. With a desire to wait for further information, trade was of very small proportions. At the close May wheat was 1/2¢ bu per lower, and July 3/8¢ lower. The mental attitude of traders in wheat was more or less reflected in other pits.

In order to stimulate corn production, the government will now raise the loan rate for 1943 in the non-commercial corn areas to 85% of parity which was granted in 1942 to the so-called commercial areas. The confusion which usually surrounds artificial programs has been expressed by one corn raiser and student of agriculture. He states that in November the Government asked for a 5% increase in corn acreage, but in view of the fact that yields in 1942 were 15% above normal, it means that the Department was really asking for a decreased production. However, within six weeks' time, the error was discovered, and the goal for corn acreage was raised. Then when it was discovered how short corn supplies were, ceilings were placed on the price.

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CHICAGO MERCANTILE EX.

CHICAGO Jan. 22, 1943.

We attempted yesterday in our letter to point out some possible effects of freezing wheat prices around present levels, or around the highest level attained in recent weeks. As we view statistics, the amount of free wheat available at the end of the present crop season may be in very delicate balance unless some inducement is given to the farmer through price enhancement to warrant the redemption of present loans. We doubt very much if any freezing of prices around the level of $1.41 3/8 for Chicago May wheat will accomplish the purpose.

In reviewing the situation, the figures mentioned are approximations and can be subject to substantial changes, depending on price levels. We started the season with a carryover of 627 million bu and a crop of 981 million, making total supplies available 1,608 million bu. Of the carryover, 427 million bu was tied up under previous loans or government control. Estimating that the amount that will finally be impounded from this crop at 450 million bu, it would give us frozen supplies of 877 million bu. This, therefore, would leave a balance of 731 million bu free. If we allow 500 million bu for human consumption, 70 million bu for seed, a possible 50 million bu for normal feeding on the farms, and maybe 40 million bu for export, we arrive at a total of 660 million, which would leave a balance of only 71 million bu free wheat on July 1, 1943. Approximating that somewhere in the neighborhood of 50 million bu might be redeemed, it would raise the supply of free wheat to 121 million bu. This figure naturally could be subject to considerable change by any extra demands for feeding or other purposes outside of the government programs, and naturally could be materially changed if the price was permitted to advance to a point which would encourage redemptions. However, going on the supposition that the price might be frozen around the $1.41 3/8 level, it might lead to a rather precarious situation and force the millers to be greatly dependent on the new crop after the 1st of July. On the basis of the last farm parity price of $1.37 a bu, 85% would make the farm loan basis for 1943, $1.16 1/2. Using the usual 18¢ differential for Chicago, the loan basis would be $1.34 1/2, or only a spread of about 6% between the loan price and the ceiling. If there should be an attempt to market any quantity of wheat from the new crop, the 6% spread could very quickly disappear, thus causing the farmers to again impound large quantities rather than place their wheat on the open market. If any bill should be passed revising the parity formula, it would make the suggested ceiling entirely out of line.

The Dominion Bureau of Statistics of Canada in its third report estimates the 1942 wheat crop as 592,700,000 bu, which is 22 1/2 million bu lower than the first calculation, but with the vast supplies in North America 25 million bu more or less is of very little consequence, and compares with 314,800,000 bu raised in 1941. The oat crop is placed at 562 million bu; and the rye crop at 25 million bu. The Argentine government now officially estimates their wheat crop at 235,136,000 bu.

Primary receipts today were 1,135,000 bu compared with 1,387,000 bu last week, and 1,007,000 bu same day last year. Kansas City stocks so far this week show a net decrease of 418,000 bu so far this week. Figures for Minneapolis are missing, but the deduction in the visible may be somewhat comparable to last year when supplies decreased 1,866,000 bu.

When our market opened this morning sentiment was buoyed up by statement that the farm bloc was opening a campaign for an upward revision of farm parity prices to include the cost of all farm labor. Further strength was imparted to the market when later in the session it was announced that the House Agricultural Committee had approved a bill for this revision, and that an effort was being made to obtain permission to have immediate consideration given to the proposal. At the close May wheat was 1 1/4¢ per bu higher, and the July 1¢ up.

Corn and oats also benefited from the general strength, and rye showed exceptional strength, although there was no particular news surrounding that cereal.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO January 25, 1943.

Last Saturday the CCC announced its intention to sell its holdings of wheat at parity levels. We could see nothing particularly new in this decision owing to the fact that they always had the right under the law to liquidate when the price had reached parity. In fact, they have already sold some of their holdings of red wheat in recent weeks, but, of course, there was no intention to sell other varieties where the market price was considerably lower than parity itself. Of course, there may be some hidden implications which we do not recognize at this time, but if these are simply direct sales which will deplete the corporation's own stocks and are not offset by purchases in other locations, it would seem that the recent order was just an interpretation of the law, and was reiterated to keep prices from advancing above the full parity level.

In the first dealings this morning, a slight recession took place, but considerable buying power from commission houses was evident in rye with the result that wheat prices reacted, although trade on the whole was again rather light.

There is no change from a statistical point of view. While certain elevators in the Southwest have received loading orders for grain to be shipped by the government either for commercial alcohol, feeding purposes, or Lend-Lease, the actual clearances have not yet manifested themselves. In the twenty-eight weeks since the crop season started, or since July 1st, actually less than 10 million bu of wheat has left these shores. We are convinced, however, that with the flour business recently reported and the movement to points of export there will be an enlargement into foreign trade channels before long. In the meantime, the feeding program has also met with considerable success, and this was possible with advancing corn prices, while the sales of wheat continued to take place at about the 83¢ level at country points.

There is one great difference between agricultural conditions in the present war as contrasted to World War 1. In the former period, acreages for grain throughout the world were greatly expanded, but at the present time owing to the surpluses which have accumulated in the exporting countries, there is almost a tendency in the other direction. However, it is significant that the livestock industry is being pushed as never before. Even in Canada farmers have been given considerable encouragement, and in the prairie provinces alone the farm income from livestock and livestock products was increased from $90 million in the crop year 1938-39 to $222 million in 1941-42. In this country, we shall have a hog population of well over 100 million compared with 85 million two years ago. Both countries are responding to the demand for all types of food to nations fighting in the allied cause, and incidentally, the increase in the herds has involved a much heavier grain consumption. Had our corn crop last year not turned out so well, it might have placed us in an embarrassing predicament. As a matter of fact, we have imported small quantities of oats from Canada, although more recently this business has been restricted. Since livestock herds of Europe cannot be rebuilt overnight, the North American demand may well continue for several years after peace has been declared.

Primary receipts were 1,631,000 bu compared with 1,785,000 bu last week, and 1,436,000 bu last year. When the visible was posted it showed a decrease of nearly 3 1/2 million bu, although a part of this may be shifting of supplies for government account. In any case, stocks are 21 1/2 million bu less than a year ago. At Chicago, there was a shrinkage of 172,000 bu, still leaving more than 7 million bu at this market.

Final wheat prices were fractionally higher, much of the advance coming in sympathy with rye.

Corn and oats were steady, and the latter seems to be gaining some friends owing to the fact that there is no ceiling price. In rye, commission-house buying, including some from the East, was a very sustaining influence.

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CHICAGO MERCANTILE EX.

CHICAGO January 26, 1943.

Late yesterday, the interior mill and elevator stocks were published, showing that 235 million bu of wheat was on hand January 1, 1943. This was a record for that date, and these stocks were about 6% larger than the previous record of a year earlier. From all indications, with the large quantities of grain held back on farms, and even admitting that the visible supply is somewhat smaller than it was a year ago, there is no reason to doubt that we shall finally end the season with the largest carryover reserve of all time. This also takes into account some extra amounts which will be shipped under our Lend-Lease agreements with Britain and Russia; also, the larger quantities of wheat that will be ground for commercial alcohol and the additional amounts which are being consumed for feeding purposes. Ordinarily, we could come to some fairly reasonable conclusions at this season, knowing about what the exports would amount to during the latter six months, and also having in mind pretty closely the domestic consumption. But these are now all variable factors, depending upon Washington action, and yet it is safe to say that probably more than 700 million bu of wheat will be carried into the 1943 crop season. The next question, of course, is how much of this grain will be in the hands of the trade and how much will be impounded, and there again great uncertainties exist because of price considerations. Had the market been permitted to function under just the one artificial stimulus of the loan, it is pretty safe to say that advances would have occurred until redemptions were possible, but whether the flour ceiling will permit it, or whether the ceiling will finally be lifted, is also a question which remains almost entirely in the hands of our legislators.

When our market opened this morning, there was some small scattered selling and very little support. However, rye prices recovered quickly, and this gave us a temporary reaction in wheat, but there appeared to be some profit taking in all pits, and for that reason markets were somewhat unsettled. Corn and oats, however, held relatively well, and so long as cattle and hogs are bringing these high prices, there seems to be confidence both on part of farmers and amongst traders in the feed grain situation.

Some attention was directed to the farm subsidy program, which is intended to boost the output of six vitally needed war crops. It is hoped that they will reach a higher goal than ever before. In this connection, Secretary Wickard has in mind government payments to stimulate production, and these will be in addition to the already existing AAA and soil conservation payments. The articles to be affected are soybeans, grain sorghums, peanuts, flax, dried peas, and sweet potatoes. We doubt very much if the order as it appeared in the early newspapers was fully understood, because some people figured that the government was trying to stimulate production in all lines, but apparently surplus crops, such as wheat, are naturally not included in their planning. But the chief incentive for the increased goal is to provide sufficient foodstuffs for the war effort, and, of course, with the huge feeding program, it is hoped that record livestock, dairy and poultry production can be carried on.

Primary receipts were 1,483,000 bu compared with 1,598,000 bu last week, and 936,000 bu last year. Kansas City and Minneapolis stocks showed a total decrease of 167,000 bu.

Trade on the whole was rather small, possibly the same as yesterday when less than 5 million bu was transacted in the wheat pit, and a total of about 15 million bu for all grains. Rye, which has been a leader for several sessions, went into new high ground again this morning, and there seems to be considerable romance to this cereal on the theory that when the war is over large quantities will be wanted by European nations. Also some traders are of the opinion that domestically rye may be used for the manufacture of commercial alcohol. However, slight recessions finally took place, and lower quotations were registered in most pits, with wheat declining about 1/4¢ per bu.

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CHICAGO MERCANTILE EX.

CHICAGO January 27, 1943.

In the most dramatic of four meetings, President Roosevelt and Prime Minister Churchill conferred at Casablanca, our President having flown the Atlantic by Clipper, proceeding from a North African point in a four-motored bomber, so that this historic conference could take place. Marketwise, it had very little influence, which is quite proper, although undoubtedly it is the most momentous meeting of the century and may have far-reaching consequences. There can be no doubt now in the minds of Axis leaders that the allies are determined to bring about the unconditional surrender of Germany, Italy, and Japan.

Rather steady prices occurred when our market opened, and there was not a great deal of grain news, although the CCC has now acknowledged that their recent announcement to make available part of their holdings at parity levels had accomplished little toward permanently forestalling imposition of a normal ceiling on wheat prices. This agency apparently figured that if farmers and traders were warned that government wheat would be sold at parity levels, possibly it would bring about a certain amount of selling, and thus ease the market. According to one Washington correspondent, the Department of Agriculture officials believed that producers and those with wheat under loan might appreciate that their chance to earn additional profit on their grain was close at hand. Accordingly, they would release large quantities of such grain, although from our own observation, this has not been the case.

The whole situation both with relation to wheat and flour is rather complicated by all of the artificial stimuli. There has naturally been some milling demand but the business is not unusually large considering that we are not so far from a point at which the flour ceilings might become operative. Very likely the bakers have in mind that if they are unable to get their supplies, and thus furnish bread to the American people, the outcry would be tremendous. Consequently, the buying of flour seems to be very orderly. On the other hand, there is no special inducement except in isolated cases for farmers to redeem their wheat, and most of them had in mind that they would pay off government loans only whenever they had a profit over and above the price at which the federal indebtedness had incurred, plus accumulated charges. Where the grain has been held for several months, there is not much inducement to redeem wheat except possibly where it was carried on farm storage, or in the case of red wheat for which prices are relatively stronger than other varieties.

The general statistical situation changes little from week to week. However, the last Canadian estimate reduced the crop prospects, and as a result the Canadian government at Ottawa now estimates a carryover of 688 million bu for July 31st, which is the end of their crop season. This would be about six times the amount normally consumed during a year, and would be a record for all time. It would represent an increase of 264 million bu over the stocks on hand last August. On the assumption that acreage would be cut by 4 million acres for 1943, next year's crop is almost bound to be smaller, but even assuming no change in the acreage, and allowing for 17 bu per acre, next year's production would be close to 350 million bu.

Primary receipts were 1,103,000 bu compared with 982,000 bu last week, and 730,000 bu last year. Kansas City and Minneapolis stocks showed a total decrease of 278,000 bu.

Without much incentive to trade, interest lagged, and we note that yesterday only 3 1/2 million bu were transacted in the wheat pit for all three futures. Spreading, likewise, is at low ebb. Final prices were about 1/2¢ per bu lower.

Corn and oats were rather firm, despite somewhat lower prices for rye. The latter cereal, however, has had sharp rallies during the past week very similar to a year ago. We feel that it will require continued buying, or a better cash demand to maintain present levels.

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CHICAGO MERCANTILE EX.

CHICAGO January 28, 1943

There was very little grain news overnight, and consequently our market opened at about unchanged levels. Mr. O'Brien, President of our Exchange, has been in Washington for some days, and gave a rather optimistic interview to the press, expressing the opinion that price ceilings on raw farm products and related processed commodities might finally be set at not less than full parity. This is somewhat different from the situation which has prevailed in recent months owing to action by the OPA, but we are rather inclined to the belief that there will gradually be a better understanding between the various branches of the government in order that all parties will be benefited. When the loan program was inaugurated, the farmer received a rather small percentage loan based on the wheat parity price, and it was considered policy to tide him over, so that all of the grain would not have to be thrown on the market during the early harvest period. It was hoped that at a later time advances might take place, but, of course, ceilings were never even considered, as the prime consideration was to get the producer a better return. Had there been any thought directed toward preventing prices from going too high, we doubt whether the original endorsers of this legislation would have considered a price beneath parity, for the reason that this has always been considered the proper goal. Although we are now at war and faced with inflationary problems, the situation has not changed to the extent that 10 or 15¢ a bu will make that much difference in these considerations. Furthermore, those who have devoted a lifetime to handling farmers' products mostly agree that all markets would have been more useful if the flour ceiling had not been adopted. Very likely, by this time, wheat prices would have been a little higher, but also, redemptions could have taken place on a broader scale. The very fact that so much publicity was given to the ceiling requirements on flour caused the farmer to assume a more bullish attitude, and thus he hung onto his grain, where otherwise the higher prices might have satisfied him so that more wheat could have been returned to the normal channels of trade.

It is difficult to forecast how these matters will all be ironed out. Therefore, the trade is acting in a most cautious manner, not willing to make too many commitments since supply and demand factors have been relegated to the background. In Canada, where the total wheat production amounted to 592 million bu, they are concerned more with floors than with ceilings, and we believe in this country, with the second largest crop ever raised and a banner carryover, that we could have handled ourselves in a somewhat similar manner had we not acted in haste before all the facts were fully reviewed.

Primary receipts were a little larger at 1,404,000 bu compared with 1,216,000 bu last week and 1,037,000 bu last year. Kansas City and Minneapolis stocks show a total decrease of 475,000 bu so far this week.

Trade was extremely quiet, and it was not easy to execute even medium-sized orders. Minneapolis, which was extremely strong at the close yesterday, at times was under pressure, and whenever they weakened, the influence was immediately felt here. However, final prices did not show any particular trend in either direction. The market closed 1/4¢ per bu higher.

Corn and oats were rather firm, despite the fact that mill feeds in some localities were lower. It is thought that the government use of feed wheat may have exerted some influence upon price of mill feeds, which for the moment are plentiful. This, however, may be only a temporary situation, but will be interesting to watch. It now seems as though farmers will not be permitted to sell their corn to processors direct at above the ceilings set for the rest of the trade.

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CHICAGO MERCANTILE EX.

CHICAGO January 29, 1943.

While there is some talk from Washington of the possibility of adopting ceilings for wheat, as was the case in corn, it would be our own guess that this will never happen. In a normal year, domestic disappearance varies between 670 to 700 million bu. Of this quantity about 500 million bu is ground either into flour or for the manufacture of cereals; another 70 million bu is used for seed at a time when about 55 million acres are sown, and the other 100 million bu is either fed to livestock or wasted. It is quite apparent, therefore, that a wheat ceiling would not affect materially the amount of grain fed to animals, nor the amount seeded, particularly since winter wheat is already in the ground. The balance, which is used for human consumption, is already dominated by a flour ceiling, and we, therefore, cannot see much to be gained by placing another ceiling on the raw product except to cause further confusion. In some quarters it is still believed that the Farm Bloc, which remains powerful, will try to seek legislation, so that ceilings can be placed only on various basic commodities at parity levels. This seems rather sound since the original intent of the farm legislation was to permit a farmer to obtain full parity. Of course, some have claimed that he is now receiving parity income through the various bounties paid him by the government, but, after all, some of the payments were undertaken in an entirely different connection. For example, when lower acreages were desired, the government apparently was willing to pay a subsidy to bring this about, and it was considered at least some compensation to those compliance farmers who were willing to make the sacrifice of planting smaller acreages. The soil conservation payments we could never quite understand, because a farmer's first instinct is to preserve his own property. This is a human trait, and if the producer actually had to be paid to conserve his soil, we might as well go further and pay every home owner for not breaking up his furniture.

Ordinarily, at this time of year. Southern Hemisphere shipments would be reaching their peak. As things are now, wheat and flour shipments from the Argentine have improved and amounted to nearly 2 million bu last week, which was the largest since November. Also, there is some linseed business. Broomhall claiming that the United Kingdom purchased two cargoes from there through Lend-Lease. For the first time, a little light has been thrown on statistical conditions in Australia. The Chairman of the Australian Wheat Board reported that 95 million bu had been carried over from the end of December. Wheat production should exceed 150 million bu, despite labor problems and some difficulties in getting grain to market. The deliveries to the Wheat Board are expected to reach about 133 million bu. The basis of payment to growers is 70¢ a bu at the country shipment point for the first 3,000 bu. There is no change in the official wheat quotations, and for the above we are indebted to Sanford Evans.

Another week has passed since we had figures on United States exports of wheat and flour. Since July 1st, or for twenty-nine weeks, 10 1/4 million bu has left these shores. Therefore, the Lend-Lease business is slow in getting under way. Canada since August 1st reports total disappearance at 96 million bu. Assuming home usage of 25 million bu, their exports must have amounted to about 71 million bu, and since they started their season with crop and carryover of over one billion bu, it is rather slow headway.

Primary receipts were 1,116,000 bu, which was almost the same as last week, and compares with 917,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 734,000 bu. We shall undoubtedly have a larger decrease in the visible supply on Monday than a year ago, when it amounted to 1,323,000 bu.

Trade was again dull, but markets were very firm, and with some inspiration from rye the close was about 3/8¢ per bu higher. Some buying at the last was in response to House Committee action approving a higher parity concept to include all labor costs.

Corn and oats enjoyed a firm undertone, and small profit-taking sales were easily absorbed.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO Feb. 1, 1943.

The grain trade was rather encouraged by a statement attributed to OPA officials, as follows: "We will do everything we can to aid t the exchanges and keep them in operation because of the important part they will play in the post-war economy, when, as in the past, they again will be called upon to market the farm crops." In former periods, there has been a fair amount of antagonism against organized exchanges by those who did not fully understand the functions which were performed by them. Not many people understand the great economic benefits derived from hedging, nor the low margin of cost in accomplishing such transactions. The handling cost of getting grain from producer to consumer is lower than the cost of moving any other standard food product. Unhedged grain is always handled on a wider margin, and the Board of Trade, in short, merely furnishes a place to trade without having any direct interest in the price. In letter and in spirit it furnishes the entire world a great auction where buyers and sellers in equal number make their daily bids and offers. It is also interesting to note that Canada has met with the same skepticism with relation to futures trading, and during the past fifty years, there have been fifteen royal commissions charged to make exhaustive investigations into the operations of the grain trade and of the facilities provided by the Winnipeg Grain Exchange. Their findings have been of vital importance to producers, businessmen, and students, and it is little wonder that organizations which serve the public so successfully in war or in peace, in prosperity or in panic, should finally be recognized. Anyone who has been called upon suddenly to sell something for which there are no organized exchanges can doubtless appreciate both the promptness and the definiteness of organized exchange prices.

When our market opened this morning, the undertone was firm, and there had been very little news over the week-end except for the fact that the government had raised its asking prices on feed wheat by about 2¢ a bu, and also, advanced prices of its own holdings on miling wheat by about 3¢ a bu owing to the fact that parity prices had been raised. This, however, was not a market factor, and therefore, little attention was paid to it, but the chief influence is still the artificial one, with more than 400 million bu impounded from the present crop, so that naturally very little pressure is being exerted on the market.

There is some likelihood that production in North America will be smaller next year than it was this season. Canada raised the largest crop on record, and if about 4 million less acres are planted next year's yield may be in the neighborhood of 350 million bu. Nevertheless, her domestic requirements are very moderate. Seed and feed account for only about 75 million bu. The deliveries at country points to date have been about 150 million bu. The government authorized total marketings from the 1942 season of only 280 million bu. Therefore, only 130 million bu is still to come forward, from which we conclude that on August 1st, there will be about 220 million bu of wheat remaining on Canadian farms, or the biggest for all time. Last year there was only 9 million bu of wheat carried over on the farms, which is about normal. Consequently, even a smaller crop will hardly make itself felt unless an unusually large export demand should develop.

Primary receipts were large at nearly 2 million bu compared with 1,631,000 bu last week, and 1,383,000 bu last year. When the visible supply of wheat was posted it showed a decrease of 2,881,000 bu. This still leaves 188 1/2 million bu of wheat in all positions, which is 23 million bu smaller than a year ago. Chicago stocks decreased 405,000 bu, leaving 6 3/4 million bu here.

After early firmness there were reactions in all pits. Rye is responding more to the Washington news that Lend-Lease purchases are not being considered, and this may have affected other cereals. However, there is a little freer movement of wheat in the country, particularly in Texas. Farmers are selling not because they consider the price high enough, but rather because good crop prospects are encouraging, and they naturally want to have their farm storage available for next year. Last prices were 3/4¢ per bu lower.

Corn and oats were fractionally off, the oat visible keeps decreasing, and there is about only one million bu here in Chicago.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO February 2, 1943.

Prime Minister Churchill seems to have won support from the Turks, and apparently important agreements with that nation have been reached. Our President, at his press conference, stressed that the Casablanca meeting had been an important military conference covering naval, air, and military phases of the war, and, of course, plans for 1943 were laid out, in confirmation of an earlier talk before the Congress,at which time he stated that he could not prophesy when or where the next blows would be struck against the enemy

Our market is paying very little attention to political or war developments, and the most important individual factor is the loan, which has tied up such enormous quantities of wheat that everything here continues on a very artificial basis. According to the last official figures, there is close to 403 million bu of 1942 wheat impounded. Apparently, more is under lock for the reason that it takes time to compile all the data. The program in the Northwest came to an end two days ago, and it is no longer possible for farmers to avail themselves of the loan under this year's program. Possibly as much as 430 million bu is actually frozen, but we shall not have the final figures for several weeks yet. In the meantime, there seems to be a little more free wheat at southwestern markets, and, of course, there are still tremendous quantities left on the farms. During January Kansas City reported record arrivals of wheat and corn and a new high for oats. Of course, some of this was government wheat or grain not in free channels of trade. Otherwise, pressure would have been greater.

Nevertheless, some agricultural economists are urging farmers to liquidate their commitments. Notably, such advice was tendered by the University of Illinois on the theory that this is usually the season of the year when wheat prices are the highest. Also, they called attention to the fact that the government is selling soft wheat from its loan stocks, and thirdly, pointed out that there is a ceiling price on flour. In the final analysis, the price structure we believe will depend on the quantity of wheat that is redeemed, and while nothing important has developed thus far, one naturally has to bear it in mind, since our carryover next July might easily be somewhere between 700 and 800 million bu, or more than three times the normal. As we pointed out, a higher January 15th parity automatically raises the price for feed wheat, and all new contracts will be 2¢ over January price. This means about 88¢ in Cook County, where Chicago is situated, and is 5¢ more than for last August. The ceiling price for milling wheat has been advanced to 26¢ over the 1942 loan value, and this 3¢ rise applies also to shipments of soft wheat from the Pacific Northwest.

The hog market was a little slower; sales were mostly 15 to 25¢ lower, but, nevertheless, yesterday's price was the highest for twenty years. Therefore, feeding operations continue to be extraordinarily good. In western parts of Iowa, the ratio is about 16 to 1, while in normal times farmers were happy when 11 bu of corn in Chicago was worth approximately the same number of dollars as 100 lbs of live hogs. History has demonstrated that when the feeding ratio is extremely favorable, feeding is rapidly increased. When the OPA announced sometime ago a ceiling price on corn, they stated that it was done to encourage an even further increase in the production of meat, poultry, and dairy products. They made this announcement even after farmers had indicated that the 1943 pig crop would be nearly one-quarter larger than the 1942 crop, which was the largest on record.

Primary receipts were 1,621,000 bu compared with 1,483,000 bu last week, and 900,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 326,000 bu.

Wheat was rather dull. At times there was weakness in sympathy with lower rye quotations, and reactionary markets in corn and oats, but support developed on breaks, so that the close was about 1/4¢ per bu higher.

Coarse grains are suffering from lack of trade. There is no special trend at the moment; of course, ceilings on corn restrict new business.

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CHICAGO

February 3, 1943.

While the granaries of North America are full to overflowing, and with about twice as much wheat raised in Canada as the previous season, as well as twice the amount of oats, barley, flax, and rye, there is another side to the picture seldom stressed owing to war conditions and the impracticability of getting sufficient supplies even to Allied sources. Nazi occupied countries and those under Axis subjugation are probably the worst off, but there is also a very unfavorable bread situation in neutral Turkey, as well as the large cities of India. Norway and the Low Countries are suffering from food shortages, as is France; also, Germany and the Balkan countries, according to British information, are reported to have raised only about 70% as much wheat and rye as the pre-war levels, which in terms of grain is nearly 300 million bu less than the average of the period from 1935-39, or just prior to hostilities. The wheat crop in France last year totaled only 236 million bu. This compared with the pre-war production of more than 300 million bu, plus the imports from North Africa and from Canada, so that deficiencies are very general, despite rationing. For 1943, we may be assured that if the war continues, the crops in North Africa will not be available to France; therefore, the latter country, which always boasted of the largest per capita consumption of bread, will have to undergo further sacrifices. With so little truth disseminated from countries like Poland and Greece, one can naturally not come to any definite conclusions, but these will also become serious considerations for the post-war period, together with larger shipments to Turkey, Spain, Eire, Switzerland, etc. For the immediate future, European imports will probably not enlarge to any important degree, except for Lend-Lease transactions. As a matter of fact, the United Kingdom is making every effort to produce more wheat, and while the full intended fall sowings were not accomplished, it is hoped that a larger area in spring wheat can be attained later on. Bread is still an unrationed commodity in England, which shows that the results from the 1942 crop must have been satisfactory.

Here, at home, indications point to favorable conditions for the winter wheat crop, with additional rains reported over widespread areas in southwest and in central sections. There are some complaints from the Northwest, although moisture conditions from July to January were fairly optimistic, although some deficiency in places, but yet not enough to be important and that could easily be overcome by satisfactory spring precipitation.

In the meantime, our markets are extremely dull, and until Washington policies are further clarified, risk money seems to be in hiding, and not many new commitments are made. The government, still intent on preventing a rise in flour or bread prices, will support the price of mill feeds to flour millers at $1.50 per ton below OPA ceilings. This has the further advantage of promptly moving mill feeds into feeding channels and encouraging increased production of livestock products. The support price will naturally benefit millers in cases where declines might otherwise have occurred, but will apply only to those supplies processed from flour that is used for human consumption.

Primary receipts today were smaller at 1,029,000 bu compared with 1,103,000 bu last week and 676,000 bu last year. Kansas City and Minneapolis stocks showed a fairly large decrease of 662,000bu.

After mid-session, there was considerable weakness in rye, and apparently there is quite a long interest in this cereal. Yesterday, for instance, the trade in rye was almost 50% larger than the combined trade in all other pits. One of the chief incentives was the fact that rye was cheap compared with other cereals, and hope prevailed that some Lend-Lease buying might take place. Ever since the government discouraged thought along this line, rye prices have been reactionary. Pessimism spread to other pits, and even oats showed more decline than in past sessions. There was nothing startling except that new buying power was scarce. At the last, with some stop-loss orders uncovered, wheat showed a decline of about 3/4¢ per bu. May corn was relatively weaker than the deferred months.

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February 4, 1943.

Optimistic reports are still coming in from Russia. Instead of the glaring headlines in German newspapers calling attention to victories, as was the case a year ago, the Reich is observing a four-day mourning period in honor of the Stalingrad dead. RAF bombers continued destructive action over Hamburg and Cologne, and it is becoming more apparent right along that German morale may be undergoing some changes since the propaganda ministry for the first time is reporting defeats instead of victories.

In previous sessions whenever allied optimism was expressed, it had a certain bullish tendency upon the rye market, but today prices were somewhat lower, despite the fact that wheat futures opened a little higher. The chances are that denial on part of our government that rye purchases were being considered for Lend-Lease purposes has sufficiently dampened enthusiasm, so that for a time it will not be so easy to find new buyers. Nevertheless, prices are only 3 to 4¢ a bu lower than at the peak, and although some traders still have in mind that from last year's high levels there was a break of nearly 50¢ a bu in rye prices, including the carrying charge, the situation this year is different because of inflationary tendencies and the fact that more rye may be used for feeding purposes. In any case, either a long or a short position for the immediate future is extremely speculative. At least until a time when more of this grain goes into exporting channels, we cannot believe that it stands on a very sound foundation.

There is really nothing in the statistical news to give one definite ideas as to the immediate outlook, but information from Washington indicates that the Pace Bill has a fair chance for passage. This legislation would include farmers' labor costs and promises a redefinition of parity, despite the fact that farmers in practically all parts of the country are already extremely satisfied with their status. Taking our own State as a criterion, A. J. Surratt of the Illinois Department of Agriculture, points to the fact that Illinois farmers were receiving on January 15th about 20% more for their products than a year ago; 60% more than two years ago; and 83% higher than three years ago. The ratio of prices which they received compared with the price of articles which they purchased on the 1910-14 parity basis was 109%. It is quite obvious, therefore, that people in the agricultural districts, despite some handicaps due to labor shortages, are in a very preferred class at this time, but it is just as obvious that the higher living costs may finally tend to bring about higher wages for labor. Thus, the inflation cycle has a good chance of continuing regardless of the efforts in Washington to stop it.

The Bureau of Agricultural Economics believes that total disappearance of feed grains during the current season will be about 12 to 14% greater than the year earlier. In spite of this, the carry-over of corn next October is expected to be about the same as the last one, while the reserve stock of oats and barley may be a little larger. Moreover, to aid feeding operations, farmers are now permitted to increase their corn acreage allotment without penalty, provided they have planted their goal of war crops.. In addition to this, the full 1943 corn loan rate will be available in all parts of the country if farm storage is obtainable.

Primary receipts were 1,157,000 bu compared with 1,404,000 bu last week, and 1,267,000 bu last year. Kansas City and Minneapolis stocks are decreasing rather heavily this week --thus far, a total of 968,000 bu.

Our market was rather firm from the start, and apparently a better milling demand was put through. There must have been hedges also covered in Minneapolis and in Kansas City, judging from their action. This factor, in combination with the possibility of a change in the parity formula, gave some encouragement to longs, so that final prices were 7/8¢ per bu higher for May, while the July future advanced 5/8¢ per bu. The nearby month is gaining on later deliveries, with Chicago stocks decreasing rather liberally.

Corn was steady, but there was no feature; undoubtedly Canadian oats would be coming into this country on a bigger scale except for transportation problems.

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February 5, 1943

Overnight news in grain was again lacking, but it is quite apparent that the market in past weeks has recovered easily from any weakness, and with this in mind the trade is mostly in a bullish frame of mind. There are many factors rather slow in developing, principally our exports, but it seems to be felt that finally the Lend-Lease shipments will make themselves felt. It seems rather a coincidence that during the past thirteen weeks we have shipped about 350,000 bu of wheat and flour each week, and it almost appears as though one customer or a group of customers had a standing order here for a uniform quantity. In any event, in the thirty weeks, since July 1st, we have cleared 10 1/2 million bu of wheat and flour, and this would suggest a rather small business except for the extra quantities which we know are destined for either Russia or England. Canada over a period of twenty-six weeks reports a total wheat and flour disappearance of 100 million bu. Her season started August 1st, so in twenty-six weeks it is fair to assume that domestic disappearance would be at the rate of a million bu weekly. If this is correct, she has exported 74 million bu, although not a very good showing considering total supplies at the beginning of the season were 1,016 million bu.

There is now evidence that our feeding program will be consummated, and of the 125 million bu authorized by Congress for animal consumption there has been 68 million bu already sold, leaving 57 million bu yet to be contracted, but the price relationship between corn and wheat is such that there can be little doubt that the total sales will be made. The price of this feed wheat at the middle of January was 5 to 10¢ a bu below the local market price for corn in the South Central States and in the corn belt areas. In the Southeast, feed wheat was actually 10 to 15¢ a bu cheaper than corn, while on the Pacific Coast it was about 10 to 20¢ a bu cheaper. Then, of course, there will also be larger quantities used for commercial alcohol, so that our domestic consumption will be in excess of recent years.

In Southern Hemisphere countries, there is no change in the statistical wheat data. Argentine is shipping extremely small quantities for the season of the year, only 682,000 bu last week, of which two-thirds went to non-European countries and the balance to Spain. Broomhall places the exportable surplus at 288 million bu. In Australia, there is some chance that larger shipments may be made to India; considerable cargoes bu may be provided since the Indian government has removed its control on the price of wheat. This, after all, will be a help, but will not solve the situation for Australia, since she has a wheat surplus between 190 and 200 million bu. In Canada, there are some changes being contemplated for next season. The government is asking for an acreage reduction in wheat of 3 million acres, and a reduction in rye of 31%. However, they are permitting an increase of 12% in oats, and 11% in barley, despite last year's phenomenal results, and this may indicate that there is hope that some of the surplus may come to the United States later on in great volume.

Primary receipts were large and amounted to 1,339,000 bu compared with 1,116,000 bu last week, and only 781,000 bu last year. Kansas City and Minneapolis stocks are decreasing heavily; so far this week it has amounted to 1,250,000 bu. A rather good-sized decrease in the visible supply is likely on Monday, whereas a year ago there was a small increase of 109,000 bu.

Markets are rather typical for February; to-date there are no crop scares; as a matter of fact, seeded wheat in the Southwest appears to have come through the winter thus far in pretty good condition, but there is evidence in Kansas that voluntary wheat has suffered considerable injury from low temperatures and other causes.

Wheat was quite firm at the start, but around mid-session rye developed considerable weakness, and this had some influence in all pits. However, there are some government flour orders pending, and sufficient buying power developed on breaks to rally prices. Final quotations were about 1/8¢ per bu lower.

Corn and oats were more or less neglected. Yesterday only about one million bu of corn was traded in, and 3/4 million bu of oats; the pattern today was quite similar, showing considerable indifference on part of speculators, while at the same time cash interests are also doing very little.

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CHICAGO Feb. 8, 1943.

Inflation is apparently giving growing concern to the administration, and they are doing everything in their power to prevent a "boom period," with some talk today that measures might be taken to check a stock market rise of serious proportions. It is recognized that inflation of a drastic sort is politically far more dangerous than a few rationing and price restrictions. Everyone knows that it is extremely difficult to check it completely, and even Mr. Brown when he assumed office stated that he expected some rise in price of possibly one-half of one percent per month. Food costs on the average are now 33% higher than in the four-year period just prior to hostilities. This represents the products that the working man buys. The middle and upper class food costs have probably advanced more in proportion, and some foods which are not under price control have risen as much as 30% between May and December of 1942, and are still rising. Thus, the higher living cost has touched off a new wave of demands for higher wages, and we, therefore, have a new turn in the inflation cycle.

When our wheat market opened this morning, prices were rather steady. They have heeded to some extent inflationary tendencies, but the most strength has been in response to artificial stimuli, which have temporarily overcome heavy production. While the market seems to hesitate at around the $1.40 level, there seems to be encouragement in some quarters that ceiling prices for various basic commodities may be lifted. The Steagall Bill is intended to accomplish this by insisting that no subsidy, conservation, or for that matter an incentive payment of any kind should be deducted in parity determination. This would nullify some of the directives recently reached, and would, therefore, afford an opportunity to producers to receive full parity payments if conditions warranted it, without regard to what monies had been received from the government for other purposes. It is possible that this proposed bill may be placed as a rider to other important legislation, and consequently bears close watching. The trade also feels from a legislative point of view that favorable consideration may be given the Pace Bill, which would require a re-definition of parity, and thus bring about a higher loan for the crops raised this coming season. With all these uncertainties, trade remains rather small, and on Saturday, there was only 2 3/4 million bu wheat handled in the pit, with total volume for all grains less than 6 million bu. Probably today in a longer session some improvement was noted, but still the outside public does not participate eagerly until the various issues are clarified.

The wheat loans as officially given for the 1942 crop disclose that only 403 1/2 million bu has been impounded. Apparently, the field work is slow, and we shall have to be patient until all of the grain is counted. It is interesting to note that January fertilizer sales were at a high level, and this indicates not only prosperity on part of farmers, but also the desire to cultivate their lands intensively. To talk much of crop prospects at this time would be entirely too premature, except to state that in most areas moisture conditions are extremely favorable.

The visible supply decreased heavily, with stocks going down over 4 million bu, thus leaving the total in various positions 184 1/2 million bu, or about 27 million bu smaller than a year ago. Primary receipts were large at 2,337,000 bu compared with 1,949,000 bu last week, and 815,000 bu a year ago.

Apparently some little pressure is being exerted on the market, although not a great deal considering the size of the movement. At Chicago, wheat stocks decreased 706,000 bu, which leaves 6 million bu here. This raises the question as to how much we shall have on hand next May for delivery purposes, and is doubtless the reason for relative strength in the nearby future.

While opening prices in wheat were firm, fair reactions took place later in the day, with a few small hedges; also weakness in oats was a factor, and final prices showed a decline of about 3/4¢ per bu.

Trade in corn was extremely light. Cash houses were apparently on the selling side, but recessions in value were moderate.

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CHICAGO Feb. 9, 1943.

The corn crop in the United States presents a very interesting study in the benefits of a free price system. It is a fact that our consumption is just as variable as production. There have been years of crop failures when we raised only 1 1/2 billion bu, and at other times we have raised 3 billion-bu crops, but when prices were allowed to move freely, they made almost an automatic adjustment between supply and demand. This was all done without the need of other controls. We still feel that if prices are permitted to anticipate needed changes far enough in advance, as through the futures trading system, the actual adjustments may prove less than anticipated. As conditions stand today, the government has seen fit to place a floor on hog prices at $13.25, but the OPA, in an effort to curb inflationary tendencies, has placed a ceiling on corn at about $1 per bu in Chicago, which means a price of about 90¢ on the farm. In normal times there is a very definite relationship between the price of corn and the price of the finished product, the hog, this being about 11 to 1, which affords a reasonable profit to farmers and feeders alike. We are afraid, however, that giving such tremendous encouragement to feeders, great distortions will be created, and the hog population may rise to, say, 140 million head, or some fantastic figure, where in another year difficulties may arise to get sufficient feeds to take care of them. It is true, of course, that the government may take action in sufficient time to reverse its policies of creating scarcities through acreage control, but to deal perfectly with all the complexities, it is extremely difficult, if not impossible, even in wartime.

When our markets opened this morning, the carryover feeling was slightly bearish. It seems that the short interest in oats and rye is almost at a minimum, and when liquidation comes into these pits, new buying power is extremely thin. It is an actual fact that rye has been boosted largely on the hope of a prospective demand when the war is over, or else inspired by an impulse of Lend-Lease possibilities, despite the government's denial that such shipments would be undertaken. Until there is an actual demand for rye on a much better basis thanat present, or at least some chance that we shall be able to get it into exporting channels, we believe that it stands on a rather unsound footing.

From a statistical point of view, there is little encouragement for wheat traders, except the quantities which have been impounded, and are, therefore, not pressing on the market. Even before the 1942 crops were harvested, it was quite apparent that a world reserve of wheat was large enough to meet any exceptional post-war demand, but with a bumper crop in Canada, and a near-record production in the United States, together with satisfactory returns in Southern Hemisphere, it is quite likely, according to Broomhall, that on August 1, 1943, the surplus producing countries will have close to 2 billion bu of wheat on hand compared with 1,377 million bu last August. This, of course, on the theory that shipping difficulties continue and that England, according to the British Minister of Agriculture, "having bread in greater abundance than ever before," will not have to materially increase her imports.

Primary receipts were quite large for Tuesday, and amounted to 1,645,000 bu, which was practically the same as lastweek; however, a year ago they were only about half as large, amounting to 816,000 bu. Kansas City and Minneapolis stocks so far this week show a net decrease of 235,000 bu. Kansas City and Minneapolis stocks so far this week show a net decrease of 235,000 bu.

At times wheat was inclined to weakness when rye and oats were under pressure. However, there was no urgent liquidation, nor was there any particular pressure considering the size of the movement from the country, and a rather indifferent milling demand. May wheat continued to be firm as compared with the new-crop deliveries, finally closing 1/8¢ per bu higher.

Corn displayed a better undertone, and in our opinion the consumption will be tremendous, with hogs selling at present levels. Of course, speculation is restrained with ceilings just a few cents away.

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CHICAGO Feb. 10, 1943.

Mr. Byrnes, Director of Economic Stabilization, was very forceful in his arguments last night, claiming that we must not retreat in our fight to stabilize the cost of living. He also called attention to the position of the farmer, which, of course, is extremely favorable, and in this connection we are gradually getting the full data on farm income during 1942, showing that for marketings alone farmers received 37% more than in the preceding year. The largest increases were in the returns from oil bearing crops, meat animal, vegetables, poultry and eggs, but income from each group of commodites was at least 20% higher than in 1941. In addition to this, the farmer also received money from the government, which was either known as a subsidy payment or an incentive payment. While the figures for the full year are not yet public, they amounted to $625 million for the first eleven months, and the Bureau of Agricultural Economics estimates that cash farm income last year from all sources was approximately $16.1 billion. Prospects are favorable for another record breaking year of food production according to the Department of Agriculture, but the farmer should do exceptionally well since the demand for farm products is expected to increase more than the production. Moisture conditions have been favorable right along, and with only average weather from now until harvest, crop yields per acre are likely to about equal the general level in 1940 and 1941 and may even be higher than in any earlier year. Thus the producer has no reason whatsoever for complaint, except possibly that farm labor is scarce, although even this may be rectified by the government if the necessity should arise next summer.

Whether the parity concept will be altered to give further benefits to the farmer remains to be seen. The matter is now up for discussion in the House, and favorable action in that body appears likely. If enacted into law, it would, of course, mean a higher loan for next year's crop, and thereby raise the cost of living, which apparently is something that Mr. Byrnes wants to prevent. By his own statement he claims that "It would certainly not be in the real interest of the farmers to introduce any change in this parity formula which would give him a temporary and illusory advantage during the war and which would, if applied year in and year out, actually reduce parity prices to the farmer."

Statistics played a more important role than in some time. A greater than normal consumption of wheat is taking place, and the disappearance to January 1st has been about 445 million bu of which probably 60 million bu is the extra amount fed under the CCC program, and possibly another 40 million bu ground for commercial alcohol. During the first six months we may have used 100 million bu extra wheat, less whatever quantities might have been fed in the normal course of activity. Nevertheless, we must now count on continuation of this program for the balance of the season. With exports for lend-lease possibly accounting for an additional 40 to 50 million bu, the carryover next July will be somewhat smaller than our earlier estimates, although undoubtedly larger than the one which we carried into the present crop, and which amounted to 627 million bu.

Primary receipts were 1,033,000 bu, or practically the same as a week ago, and compared with 692,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 268,000 bu.

With a little more friendly sentiment in all pits, the line of least resistance was on the constructive side of the market. May wheat continued firm, holding its gain over the new-crop deliveries. At the last, the advance was about 1/2¢ per bu.

Corn was also higher, despite the proximity of ceiling prices. While stocks of feed grains were at an all-time record on January 1st, the numbers of cattle on feed were also the highest ever reached, and it seems to be a foregone conclusion that consumption is bound to be heavy, even the commercial hatchery production reached a record peak in 1942. There seems to be a strong demand for chicks to meet the need for larger usage. Thus, there is no reason to believe that feed grains should suffer much from present levels, especially since goals for several important war crops have been increased since the beginning of the year.

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CHICAGO MERCANTILE EX.

CHICAGO February 11, 1943.

The action of the market yesterday generated considerable confidence, and this was intensified still further when late in the day the Senate Agricultural Committee gave unanimous approval to the Bankhead measure. This is a companion bill of the Steagall House proposal, which we mentioned recently, and which prohibits the deduction of various payments and incentives from parity consideration in arriving at a ceiling price. We believe that today's market might have been more responsive to this news, as well as to developments on the House measure to re-define parity, except for the fact that President Roosevelt is scheduled to make a talk from Washington tomorrow, and possibly he will follow in the footsteps of Mr. Byrnes in trying to prevent any inflationary measures. As we view the situation, any parity formula is bound to displease some farmers, but the very fact that wheat parity has been able to reach a level of $1.50 at Chicago suggests that even though labor costs may not be fully included in the present reckoning, at least other items have made it possible for the leading cereal to attain a good healthy price in relation to values obtaining elsewhere. On the question of ceilings, we take a different attitude, since the original intent of any loan program was to permit grain to be redeemed. Obviously, when ceilings are placed under parity levels, this is not possible, and the final result is that the government is very apt to gain title to a good deal of grain, and thus be forced into business. In corn, for instance, the floor is about 80¢ in the country on basis of the loan without any higher parity level to include labor costs. Figuring a 10¢ freight charge to bring it to Chicago, this makes the price about 90¢ a bu, while the ceiling is $1, except for a slight premium for the No. 2 yellow grade. Consequently, the permissible fluctuation is only about 10%, and hardly more than a two-day permissible fluctuation in normal times. This being the case markets cannot function very efficiently, and as a result volume of trade has become extremely poor, with only 1 1/4 million bu transacted in the pit yesterday.

When our market opened values were firm and the trade still has in mind that the adjustment of free supplies is very closely drawn. Shipments to Russia will also improve, despite the fact that Red troops have advanced into the Ukraine and that high hopes are now entertained that possibly a substantial portion of this very important producing region will again be available for crop cultivation. For many years, wheat has been the most important cereal production of the Ukraine. Broomhall points out that of 44 million acres under all cereal and vegetable crops in this district for 1938, winter wheat accounted for nearly 16 million acres, but, of course, it is too late to sow it now, and the spring wheat acreage accounted for only 2 1/2 million acres. Other crops in the order of importance were, rye, with 7 3/4 million acres, spring barley nearly 7 million acres, and spring oats nearly 4 million acres. The corn crop planted at that time was meager, only 2 1/2 million acres devoted to it.

Primary receipts were more moderate at slightly over the million-bushel mark compared with 1,157,000 bu last week, and a holiday last year. Kansas City and Minneapolis stocks so far this week showed a total decrease of 566,000 bu.

Trading in wheat was very dull, but we hope not as bad as yesterday when only a little over 2 million bu changed hands in the pit. One of these days hedging transactions will have to be severely curtailed unless there is some improvement in the daily volume. As it is, fewer people are inclined to trade in grains with so many quick changes coming from Washington, and the other restrictions, which have prevented normal price fluctuations from taking place. At the last, wheat was up about 1/4¢ per bu.

Corn, rye, and oats were all higher. While feeding grains are plentiful, farmers are feeding their cows more heavily than usual. With price of butter-fat and milk relatively favorable compared with price of grain and feed, there has been a record demand so that shortages of some kinds are increasing, and farmers in many areas have not been able to obtain as large a proportion of high-protein feed as they would like.

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CHICAGO MERCANTILE EX.

CHICAGO February 15, 1943

The fall of Rostov, with the Soviets closing in on Kharkov, spells another disaster for Germany. The fact that neither Hitler nor any of his subordinates are offering either inspiration or leadership to the Armies, or to the people of Germany, is surprising to say the least. Anyone can bellow from housetops when victories are being reported, but at least some signs of strength are necessary when tremendous loss of manpower is taking place in order to encourage the Armies. The Fuehrer is apparently holding himself aloof from the vulgarity of defeat, and it is now definite that while he did not get to the Russian oil fields, he is also afraid to report the supreme tragedies, except for the four-day mourning period following the fall of Stalingrad. German losses now taking place have enormously exceeded any capacity for replacement.

When our market opened today, it was quite evident that the public was still greatly confused over the immediate agricultural issues. While some people are of the opinion that farm price increases may be voted through some form of legislation, others are not too optimistic for any loosening of controls. In other words, they feel that this country cannot permit grain costs to skyrocket merely to please farmers or any other group that might benefit through inflation. Also, we had the experience of the last war when price levels were subjected to violent post-war adjustments; and this is the one important factor which the OPA is trying to avoid by curbing the appetites of farmers and workers in their desire for constantly increased incomes.

There was little grain news over the week-end, although it is quite apparent that rather heavy redemptions of wheat have occurred during the past few weeks, and yet the adjustment of free supplies is such that we may have tightness as the season progresses. The Department of Agriculture forecasts that our wheat carryover next July will amount to 700 million bu. This would be substantially higher than the previous one, but considering that we started the season with a crop and carryover of 1,608 million bu, we have made considerable inroads through the additional quantities which are currently being fed to livestock, and also, the larger usage of wheat for commercial alcohol. In other words, our domestic consumption, plus the added amounts being shipped under Lend-Lease, may account for possibly 900 million bu, which would be 200 million bu larger than the season earlier, showing how much headway can be made when record feeding of wheat is permitted. The big question, of course, remains as to the amount of free supplies available, and this will depend largely upon price levels, with advances naturally bringing out some of the impounded grain, while declines would tend to keep it locked up.

In thirty-one weeks, we have shipped close to 11 million bu of wheat and flour, suggesting that important Lend-Lease orders have not yet started to show up in the official figures. In Canada, total disappearance in twenty-seven weeks has amounted to 106 million bu. This indicates that exports are close to 80 million bu. While it is a better showing than we have staged, it is still not too impressive when we consider that they started their crop year on August 1st with total supplies of 1,016 million bu. Argentine shipments are very small for this season of the year-- only slightly over one million bu per week on an average. Their exportable surplus is estimated by Broomhall to be 287 million bu, and as a result they are bound to end up their year with tremendous reserves.

Primary receipts were fairly large, at 1,941,000 bu compared with 2,537,000 bu last week and 704,000 bu last year. When the visible supply of wheat was posted, it showed a decrease of 1 1/4 million bu, with total stocks in all positions 183 million bu, or 27 1/2 million less than a year ago. At Chicago, the shrinkage was more moderate at 208,000 bu, still leaving 5 3/4 million bu here.

Trade was about as dull as we have ever seen it. This, of course, was due to uncertainties on legislative matters. Final prices were about unchanged.

Corn was steady and bookings from the country were light, but it must be remembered that many roads are practically impassible owing to icy conditions in the country. Interest was small and there was no feature. Rye was the firmest cereal of any. The Russian victories are encouraging those who feel that when the war ends an increased export demand will be general.

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CHICAGO February 16, 1943.

We raised this past year the second largest wheat crop on record and carried over from previous seasons the largest reserve, which for a time proved burdensome, but it is growing more apparent right along that the disappearance of wheat in 1942-43 promises to be the largest since 1920. At that time, we were disposing of great quantities through export channels, and our clearances totaled 369 million bu, but at present domestic usage is much larger than ever, owing to the fact that so much is beingfed to livestock. Approximately 85 million bu of CCC wheat had already been sold from July 1, 1942, to January 30th of this year at 85% of corn parity. This morning there was a report that further offerings had been withdrawn, although we understand that small lots are still available for February shipment, provided the buyer can furnish box cars, but that sales for deferred periods, even as early as March, have been prohibited, and apparently the program to dispose of 125 million bu of wheat for feeding purposes has been so successful that government inventories are close to the exhaustion point. When human food is made available at such favorable rates as compared with corn, it is quite obvious that farmers will avail themselves of this opportunity, and thus it is a foregone conclusion that we shall surpass the record of 1931-32, when 188 million bu of wheat was fed to animals. In arriving at such a conclusion, we take into account the normal amounts which have been utilized for feeding purposes, so that in addition to the wheat which the government has sold, there will probably be 80 to 100 million bu fed right on the farms where grown.

This situation has more serious implications, because traders interpret it to mean that a similar schedule may be followed next year, or that possibly Congress may even authorize further sales of government-owned supplies for feeding purposes before next July. This together with the large quantities impounded by the loan program has naturally created a doubly artificial condition. Therefore, a carryover reserve at the end of the crop year does not appear as worrisome, even admitting that we may hold 700 million bu before the next harvest, which would compare with an average carryover of only 235 million bu during the period 1932-41. The loan program has been an extremely important devise in influencing prices since its inception in 1938. At that time the loan to farmers averaged only 53¢, but it was progressively advanced each year until at present the national average amounts to $1.14 a bu on the farm. The result has been that 404 million bu was frozen, and this is the largest quantity ever tied up, although about 14 million bu has been redeemed thus far, still leaving 390 million bu under lock from the 1942 crop. It is doubtful whether the government's discussed estimate of 500 million bu, or even the 450 million bu figure, will be reached, as the program ended for winter wheat farmers at the end of December, and in the spring wheat States the end of January, so that it is now merely a question of counting the grain to give us the final results. The weekly increases are so small that one would imagine that most of the clerical work had been completed.

Prices tended upward right after the opening bell was sounded, and in some quarters rejection of the administration's $100 million farm incentive payment plan was viewed as opening the way for higher farm prices without the use of subsidy, soil conservation, or inducement payments. In other words, it was felt that the price of commodities should reflect a proper return without the necessity of bounties.

Primary receipts were reasonably large at 1,515,000 bu; this compared with 1,645,000 bu last week, and 784,000 last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 378,000 bu.

The wheat market was quite firm all during the session. May wheat sold at a crop high, and although some redemptions are taking place not much pressure is being exerted.

Corn was also strong and sold close to ceiling levels. Hogs at $15.75 were equal to the 22-year high mark, which naturally stimulated feed grains, with the result that oats also advanced. Rye was sharply higher.

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CHICAGO Feb. 17, 1943.

It was announced yesterday that the Lend-Lease requirements for food during 1943 would be approximately double those of last year. It is difficult to appraise the value of these materials to those who are fighting on our side, although percentagewise it is but a small part of America's food output. Last year, of our total supplies of beef, we exported under Lend-Lease only one-tenth of 1%; of veal, lamb, and mutton, only two-tenths of 1%; pork products went in much larger volume, to the extent of about 10%. In canned foods, we shipped only 1% of our vegetables and less than 2% of canned fruits, while the amount of butter for Lend-Lease amounted to less than 1%. The United States production of eggs in 1942 was 15% higher than in 1941, and was the greatest production on record; yet of our total egg supply, we lent-leased only 10%, or actually a smaller quantity than the increase from the previous year. In view of these facts, it is quite apparent that even though larger quantities will be shipped to our allies, the real shortage in foods which is developing must be attributed to other causes. Of course, we all know the enormous quantities that our armed forces require, and a soldier, particularly on the battlefront, eats much more than a civilian, but in addition to all this, there has been a tremendous increase in the civilian demand, boosted by swelling pocketbooks. It is this type of purchasing which apparently the government wishes to reduce through rationing, and which will soon become effective.

When our market opened this morning, there was a rather firm undertone. As the season progresses, it becomes more obvious that the adjustment of free supplies is drawn closely enough so that technical shortages may arise even in a commodity like wheat, which was produced in such abundance, unless the flour ceiling is raised to a point where redemptions are possible. Of the 404 million bu of wheat which was impounded under the loan, there was about 188 million bu stored on farms, which might be the first grain to be released, owing to the fact that it has not paid a storage at terminal markets, and thus the farmers owning this wheat might be tempted to redeem it whenever it showed a moderate profit. This would be especially true as we approach the April 30th deadline, and naturally the defaults would be smaller in proportion if there were some incentive for producers to pay off their federal indebtedness. There is some wheat being withdrawn from the loan right along, although up to the present time the quantities are not sufficiently large to be depressing.

Washington advices claim that Farm Bloc leaders are insistent in their demands for higher prices. Whether they will be successful in revising parity computation to include farm labor costs remains to be seen, but at least there is a fair chance that the antagonism toward placing ceilings under parity levels may result in legislation to bring about a change.

Primary receipts were large at 1,309,000 bu compared with 1,053,000 bu last week and only 498,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 731,000 bu.

The wheat market was hesitant during the early part of the session, very likely due to Mr. Brown's radio talk last night, which dampened enthusiasm. Later in the day, corn prices advanced to ceiling levels, and this encouraged renewed buying, with the result that all futures of wheat sold at new crop highs. Last prices were 5/8¢ per bu higher.

The cash demand for corn has been very good during the past few days. Sales from Chicago yesterday were probably larger than reported. Movement from the country is moderate but possibly this is due at least in part to bad roads. Nevertheless, feeding opportunities are so great that there is less than the usual amount of corn apt to be sold for commercial purposes this year. Washington threatens the necessity of ceiling prices for hogs.

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CHICAGO MERCANTILE EX.

February 18, 1943

Canned meat joined the ration list, preceding the forbidden fruits in point of time, in order to conserve food products. We have pointed out in past letters that food production in 1942 was the largest on record, and it showed an increase of 28% above the average for the five years just prior to the war. We also called attention to the fact yesterday that the amount of food which was exported under Lend-Lease during 1942 was rather small percentagewise; therefore, it is quite apparent that our domestic consumption must have increased greatly, or else hoarding is proceeding on a scale as never before. It is claimed that there are anywhere from 4,000 to 6,000 cold storage locker companies in various parts of the country, and it would probably be conservative to state that the average number of lockers per unit is 100. Of course, some fruits and vegetables are frozen for future use, but probably the bulk of these lockers is used for the preservation of meat products, and on the assumption that the average holder has put 100 lbs of meat away, there is apt to be 50 million lbs hoarded for some future date. This, of course, is in addition to whatever canned goods is shelved in pantries of the millions of housewives. In any case, the average per capita supply of food for civilians will not be significantly below average periods, despite all the requirements for army, navy, etc. plus Lend-Lease requirements. Apparently with careful utilization of existing stocks and the rationing of scarce commodities, there should be sufficient food for all purposes.

From a statistical point of view, there is not much change in the grain situation with the passing of time. In thirty-two weeks, we have shipped from these shores only 11 1/4 million bu of wheat and flour. Therefore, whatever important Lend-Lease orders have been contracted have not yet shown up in the clearances. Canada has done a much larger volume, with exports in twenty-eight weeks amounting to 87 million bu, but even this is a rather poor showing when it is considered that she started her crop year on August 1st with total supplies of 1,016 million bu, and the chances are that with oats, barley, and rye so plentiful, home consumption will not exceed 140 million bu, or the same as last year when it was considerably more than normal. We continue to receive pessimistic reports from Argentina in connection with the corn crop, and pastures which have suffered through excessive temperatures and insufficient rainfall. As a result much grain is being fed to livestock, although the wheat crop came through in good shape prior to the drought.

Primary receipts today were quite liberal again at 1,388,000 bu compared with 1,022,000 bu last week, and 515,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,151,000 bu. This suggests a fairly large decrease in the visible supply next Monday.

There was a dispatch from Washington to the effect that a compromise between the administration and the farm bloc was under way. By agreement both loans and ceilings of agricultural products would be based at parity in return for which the administration would be permitted incentive payments in order to encourage certain scarce commodities to provide heavier production increases. Any such move would practically eliminate futures trading. We doubt, therefore, whether any group of legislators would willfully destroy the functioning of markets, which in ordinary times are necessary to both consumer and producer. Later in the day Prentiss Brown stated that the OPA was in serious danger of being hamstrung by Congressional legislation, and it is difficult at this time to figure out what policies will be pursued, as there are too many uncertainties ahead. In any case, the higher level of prices brought about larger offerings from the country, and a few hedges were apparently placed at Minneapolis and Kansas City, as well as here, with the result that final quotations were about 1/2¢ per bu lower.

Trade in corn was naturally restricted, although in the May future there was a fair amount of activity. Some longs sold out on the theory that price ceilings might remain stationary. On the other hand, hedgers covered commitments, and at the last there was no change from the previous close.

Rye was quite strong early because so many people look at the parity level, which is far above the market. When liquidation in other pits became pronounced, there was some selling, but nothing very drastic.

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February 19, 1943

While food discussions occupy the front pages of most of our newspapers, and further rationing is threatened for scarce articles, there are many other countries (even those not under German subjugation) whose worries are much greater than ours. India, for instance, normally produces about 60 million tons of food grains, but for some time there have been reports of famine in some districts and serious shortages in others, owing to crop deficiencies and the inability to receive supplies from outside sources. For one thing, rice from Burma is no longer available, and India is now barely self-sustaining, even if normal harvests are obtained. The British government, therefore, is trying to arrange for shipments of wheat, and probably Australia will function importantly in these considerations. In Russia, also, some food shortages have rather seriously affected workers, but the efficiency of these people is astounding and they have worked out their own salvation in a rather unique manner. The severity of the food position has forced every large-scale enterprise to care for its own food base. Most factories have developed their own farms. A report from one of the largest and most modern tank factories in the Urals gives some idea of the scope of this farming. This particular factory has a farm covering 4,500 acres of sown crops, and has on it 1,000 cows and 1,600 pigs. Broomhall in discussing the bread grain situation feels that the recovery of the Caucasus is bound to materially aid Russians in the field of productivity. Preparations are now being made to rush spring seeding and much machinery has moved back from the Ukraine, so that granted normal growing conditions this spring, Russia may again become self-sufficient in respect to bread supplies.

In our own country, we are just emerging from a lengthy winter. Crops in southwestern Kansas have made some growth during the past week, and in spite of all the snow, surface soil is becoming dry in western counties, but in the eastern areas winter wheat still remains in a dormant condition. Oklahoma, in its weekly report, claims that the past week was favorable for farm work and that considerable land was prepared for spring crops. Rains of the preceding week, followed by warmer weather, resulted in a general improvement of fall-sown grains. There is still no assurance that on 37 million acres sown to winter wheat we shall have anywhere near the good results of the past season. Possibly the government is too optimistic in its estimate of 625 million bu to be harvested next summer, although time alone will tell. Of a prospective carryover next July of about 700 million bu, there is 200 million bu set aside in mental calculations to take care of the subjugated countries after we have peace. This is hardly a market factor for the moment, but once unconditional surrender is achieved by the Allies, it will naturally be necessary to send victory ships bearing food in order to relieve famine conditions which have been developed beyond all comprehension.

Primary receipts were heavy, at 1,444,000 bu; a week ago was a holiday, and last year they amounted to 514,000 bu. Kansas City and Minneapolis stocks so far this week show a big decrease, amounting to 1,719,600 bu. We should have a fairly large shrinkage in the visible supply on Monday, and it will compare with a decrease last year of 2,835,000 bu.

Toward mid-session May corn joined the deferred futures in selling at the ceiling price, and remained bid at that point. This encouraged some buying in other pits, with the result that wheat prices recovered from minor declines established earlier in the day. At the last gains of 5/8¢ per bu were registered. There is some talk that following the soybean ceiling a similar action may be sought for wheat, but apparently the Secretary of Agriculture is against such a move if it is at all possible to avoid it.

Rye, which had been rather strong in recent sessions, was just moderately higher; the same was true of oats.

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CHICAGO MERCANTILE EX.

CHICAGO February 23, 1943.

There was no special grain news over the holiday, but Secretary Wickard made a rather important announcement early today suspending marketing quotas on wheat in a move which was designed to insure adequate wartime supplies for both human food and livestock feed. This will permit farmers to sell or to feed the wheat which had been grown in excess of their allotments, and yet not be penalized. At the same time, he made a change in the 1943 planting program so that farmers who are already complying with the AAA goals for the so-called war crops may expand their acreages for 1943 without losing the benefits afforded by the government through the various payments. This precludes any chance for expansion of winter wheat acreage, since the crops were sown last fall, but it does open the way for heavier plantings in the spring wheat areas, and we believe is a step in the right direction owing to the fact that so many new uses have been found for wheat. Furthermore, domestic consumption this season is apt to be 200 million bu greater than normal, with large quantities fed to livestock; also, the possibility of 75 million bu of wheat being ground for commercial alcohol and possibly further amounts for alcomeal.

Since it is also imperative to take care of our allies under Lend-Lease, clearances during the next four months should be considerably heavier than earlier, and thus we can hardly afford in wartime to create scarcities by contracting acreages. As it is, there is already a certain scarcity of farm machinery, and the outlook for such equipment places the most serious obstacle to production that farmers have faced thus far.

The CCC shows that 404 million bu of wheat has been impounded from the 1942 crop season. This is practically the same quantity as the previous week and would indicate that the earlier estimates of 450 million bu or higher will never be reached. Furthermore, there has been close to 20 million bu liquidated on redemptions, and, therefore, the amounts finally frozen will not be as serious as some had anticipated. With any sharp advance in the price, more free wheat would be returned to normal trade channels, and this is already causing an easier feeling in May wheat as compared with new crop futures. The latter, however, are being purchased by two groups of people; those who figure that they may hold their commitments for a six-month period in order to benefit from the new tax laws, and also, those who believe that if the Pace Bill is enacted into law, a re-definition of parity at a higher level should prove more bullish on July and September wheat, which comprise the new-crop deliveries.

While hog prices were somewhat lower today, they established a high record yesterday for 23 years. This is creating a tighter situation for corn futures, which are all at the ceiling levels, and even cash corn, which is located in outside positions but just hedged here, is practically frozen since dealers cannot lift their hedges, and consequently cannot sell their product. This will gradually make it more difficult for industries to operate, and with the action in soybeans, if a precedent is followed and the exchange finally has to even-up contracts, it would become extremely serious for conservative operators who would suddenly find that their grain has become unhedged through no fault of theirs. Banking credit would no longer be made available on the same terms as formerly if government action continues to be a menace in bringing about such dislocations. Therefore, it is to be hoped that the government itself can straighten out the situation before it is too late, in order to stabilize banking credit and to give relief to the hundreds of innocent dealers who are now involved in this trap.

Primary receipts were very large even for the two-day period, amounting to 3,645,000 bu; this compared with 1,515,000 bu last week, and 1,270,000 bu last year. The visible supply decreased 4 3/4 million bu; total stocks in all positions amount to 178 1/2 million bu, which is 29 1/2 million bu smaller than in 1942. Chicago stocks decreased 154,000 bu, leaving 5 1/2 million bu here.

With great strength in rye, our market was firm during most of the session despite the likelihood that spring wheat acreage will be expanded. The trade anticipates favorable action on farm bloc legislation within a short time; and this seems to be the impelling motive to remain on the constructive side of the market.

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CHICAGO MERCANTILE EX.

CHICAGO

Feb. 24, 1943.

News pertaining to foods is about the most important item on the minds of people outside of war news. While nobody expects that the scarcity here will amount to anything like the pinch level in England, nevertheless rationing of canned goods is gradually bringing home to people the fact that even with production in 1942 about 28% larger than for the five years just prior to hostilities, the demand is also much greater. Our soldiers are being fed in all parts of the world, and also great quantities are being shipped for Lend-Lease. All this is stirring the Department of Agriculture, and all methods for an increased production are now being considered. Secretary Wickard has instructed state and county U. S. D. A. War Boards to take all steps necessary to assure the bringing in of all crops not harvested last fall. This pertains to soybeans, which were affected by the unusually early winter. Some corn was also unharvested, and now has to be saved for feed; also the land must be ready for 1943 crops. Somewhere between half a million and 650,000 victory farm volunteers will be recruited from non-farm youth to carry on necessary work this summer, and most of the volunteers will come from the nation's high schools. Because of the severe shortage of manpower, a good deal of the farm work will depend more and more on the youths of America and women in order to help harvest the nation's crops. It is, of course, too late to sow winter wheat, although an increased production of spring wheat now being permissible will undoubtedly put at least 3 to 4 million more acres back to work, and possibly the added wheat production may amount to between 50 and 60 million bu.

Our markets were rather steady at the start on the theory that the Farm Bloc might win out in the controversy with the administration and while nobody can be sure whether the Pace Bill will be favorably accepted, it does appear likely that some ceiling prices may gradually have to be revised. This is becoming more apparent in corn where the freeze continues, and where all classes of operators have been affected. It is no longer attractive to hedge corn in our market, particularly when it is located in outside positions, and where the grade is not of contract quality, Therefore, many more elevators are required to carry their grain without a hedge. Even in Chicago, the off-grades can hardly find a suitable market, because no elevator concern would feel too comfortable in putting this grain away with the hedge in May or July, knowing that without a suitable merchandising market, tenders on contract could not be effected. Therefore, discounts yesterday were quite steep and the farmer was naturally penalized. There are hundreds of other examples showing the great damage that is borne by various individuals and industries, owing to the inability of this futures market to function properly.

Primary receipts were again heavy, amounting to 2,374,000 bu compared with 1,309,000 bu last week, and only 826,000 bu last year. Kansas City stocks for two days show a decrease of 290,000 bu.

In some sections farmers are redeeming their wheat. This is more true of farm storage wheat than that which is in terminals, but at the same time pressure is not particularly heavy. There was some government flour business as an offset, so that prices were pretty well maintained. While the Pace Bill may have been sidetracked, there is the feeling in some quarters that the Bankhead Bill will come up shortly for consideration. This is a stimulating factor, and seems to keep markets rather steady, with the trade inclined to overlook other considerations. Last prices were about 1/2¢ per bu higher.

Corn was again at ceiling levels. Some transactions took place in the May future, but in other deliveries trade was almost nil.

Rye was weak at times on the theory that parity re-definition might be discarded, but there were good recoveries and the close was very firm.

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CHICAGO MERCANTILE EX.

CHICAGO Feb. 25, 1943.

There were no new developments overnight in the grain situation, but the carryover feeling from yesterday was slightly bullish, owing to the fact that there was a chance that the Bankhead Bill in the Senate might come up shortly for consideration. The trade is not at all sure that the Pace Bill will have favorable acceptance, and the latter has to do with re-definition of parity prices, including labor costs. The administration is apparently opposed to it on the grounds that any higher concept at this time would have inflationary tendencies. However, it is the belief that both Houses of Congress were not in accord with the directive handed downby the administration to the effect that various payments which were granted to farmers should be deducted from the parity price. While it is probably true that parity income is being obtained, it is generally hoped that the commodity price itself should reflect full parity, in order that redemptions may take place. With the flour ceilings at present levels, there is naturally a limit to how far wheat may rise, but any change in the law might alter the status of the grain which is now impounded. On the theory that this will occur, a moderate carrying charge has developed between old and new crop deliveries, and, of course, the more free wheat which is on hand next July, the better chance there is of a further widening.

Next Tuesday, the OPA will hold a conference here in Chicago to which various grain men of the country have been invited, and the purpose of the meeting is to consider permanent price ceilings on corn. With all three futures here in Chicago completely blocked, the country is selling corn very sparingly, and this is only natural, since it is so much more profitable to feed it than to sell it on the market. The Chicago corn-hog ratio stands at 16, which is the same as the previous week, and 15.5 last year. In normal times, a ratio of 11 to 1 is regarded as very favorable, but the incentive at the moment is so great that with hogs selling at high prices, and with corn prices held in check, it is almost a mandate to feed. Thus, the commercial handlers, or those farmers who do not raise enough for their own feeding requirements, will naturally be severely handicapped.

There is very little in the international wheat situation upon which to comment. Ordinarily, Argentine shipments are about at the high point at this season, but with shipping difficulties, clearances are running less than 1 1/2 million bu per week, and most of the wheat that was placed afloat recently was destined for Brazil and neighboring countries. The exportable surplus is about 285 million bu, so that at the present rate of exports a big carryover is imminent. There is also a large corn surplus, amounting to about 300 million bu. However, the coming crop is practically a failure, and even the light showers which fell this week in some sections of the Argentine were entirely inadequate to halt deterioration. It was the prolonged drought in January that brought about serious damage not only to the corn crop, but also to alfalfa and pastures; so in some districts there may be a scarcity of feed, despite the large reserves from last season. Australian statistics continue to be censored, but exports are known to be small, despite the potential requirements from India, and here, too, shipping difficulties remain in prime factor.

Primary receipts amounted to 1,297,000 bu compared with 1,388,000 bu last week, and 663,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,149,000 bushels.

A very firm undertone was noted in wheat during the entire session. Not only legislative moves inspired the trade, but also crop reports calling attention to the smaller winter wheat acreage. We have felt right along that the government in estimating 625 million bu was optimistic. While, of course, this could be attained, it appears to be a rather large crop based on the amount sown last fall. Final prices were 1/2 to 7/8¢ per bu higher, with all futures establishing new highs during the day.

Apparently more corn was wanted at the top limits, but only a few transactions took place.

Rye was also very strong and went into new high ground for the season.

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CHICAGO

February 26, 1943

During the ten-year period from 1930-39, this country raised an average corn crop of 2,307 million bu. It included, however, several drought years, and may have comprised some years when hybrid seed was not used so extensively. Therefore, we shall discuss for the moment the five years just prior to the present season, which are possibly more representative and call attention to the fact that the average corn crop yielded less than 2,600 million bu. As a matter of fact, last July, the U. S. Department of Agriculture was forecasting a crop of 2,627 million bu, and it was only through the great providence of Nature that we produced the heaviest crop on record, with the yield of 35.5 bu to the acre, and total production of 3,175 million bu. It was, indeed, fortunate that Nature overcame economic planning, because even now it is forecast that our season-end carryover will amount to only 500 million bu, and had it not been for the almost perfect weather, we might have faced a catastrophe during wartime of calamitous proportions. It must also be remembered that the same propitious weather for corn helped the wheat crop, which has already enabled us to utilize 125 million bu of wheat for animals, and possibly greater quantities may yet be drawn upon. If this season's corn yield had not improved to the extent of 548 million bu over the July estimate, it is doubtful whether we could have carried out our feeding program, even with the big surplus of oats and barley in Canada, and this should be a great lesson to those who try to control acreages, particularly since there is always the possibility that poor crops as well as good crops may be harvested.

It is encouraging to note the changed attitude in Washington with respect to wheat plantings, although it is too late to accomplish much this year except for the spring wheat areas. The overnight news was, of course, very stimulating. The decisive vote in the Senate on the Bankhead Bill led to the belief that similar action would obtain in the House before long. This legislation if passed will restore to the farmers their right to obtain parity prices without any deductions for subsidies or the various incentive payments. It should also bring about less artificial markets from the standpoint that if advances are justified, loan wheat may come out of hiding, and, of course, this refers also to other grains that might be in a similar category. It was certainly never the intention of Congress to permanently freeze supplies and thus force the CCC or some other governmental agency into competition with the private grain trade. It is, therefore, pleasant to feel that the Senate has seen fit to withdraw the various schemes that would place ceiling prices beneath the parity level, and thus cause dislocations in practically every part of the country. The chances are that corn prices for the various futures will also have to be revised upward in order that the industrial users will get the proper relief, and so that hedging transactions will again be safeguarded.

Primary receipts were quite large at 1,838,000 bu. This compared with 1,444,000 bu last week, and 631,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,349,000 bu; this suggests a rather heavy shrinkage in the visible supply on Monday, and will compare with a decrease last year of 2,155,000 bushels.

Toward mid-session markets developed great strength, and at one time wheat prices were 5¢ per bushel higher than the previous close. There must have been fairly good flour sales, and while the country sold more liberally, hedges from this source were easily absorbed. It was reported from Washington that the House Committee had approved the Brown Bill for the inclusion of labor costs in farm prices. This apparently is similar to the Pace Bill, and had some influence. Final prices were about 3 3/8¢ per bu higher.

Corn, of course, was stationary, since there has been no change of any ceiling levels.

Oats, while somewhat hesitant, also shared in the advance, while rye, despite some profit-taking, was reasonably strong.

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CHICAGO March 1, 1943.

The American public is in a buying mood such as we have not witnessed in a long while. The fact is that many shelves in stores are becoming depleted; also one article after the other is becoming rationed, so there is naturally greater fear that more and more goods will finally disappear from consumptive markets. This has encouraged hoarding, and we have even heard of cases where housewives have put many packages of cereals in the basement without regard to the keeping quality, and without regard to the large quantities of grain still on hand from which these products are manufactured. Newspapers and radios have emphasized the possible shortage of foodstuffs, but even on regular merchandise, buying has assumed such proportions that many retailers are claiming 33% increase over a year ago, despite the fact that many articles are unobtainable.

There has been a very good demand for flour during the past week; we are not trying to imply that this business was in the nature of storing up merchandise for some future period of scarcity. Chances are that the increased bookings have resulted largely from events in Washington, especially since action was taken on the Bankhead Bill in the Senate. Both consumers and speculators were inspired by the decisive vote, and doubtless prices would have moved still higher had it not been for the heavy redemptions which have taken place in practically all sections of the country. Wheat has now reached a level where farmers might pay off their Federal loans, plus charges, and still make a profit. Therefore, it will become tempting between now and April 30th to clean up these operations, and we figure that if prices are maintained somewhere around present levels, there will be considerably more wheat returned to the private trade channels. The Farm Bloc is still hoping to do something further for agricultural interests, but it is a question whether the farmer, himself, is at all dissatisfied with his status. So far as we can perceive there is no reason why he should be, even though he may have to pay a little more for labor. Average prices in January on the farms were 98% above pre-war averages; in terms of food, some prices were checked in part by price controls, so that wholesale values were only up about 48% on an average since pre-war, while retail prices were up about 39%. It is quite apparent from the above that the anti-inflation fight centers in farm prices, and in food prices, but it is somewhat of a question whether the administration will be able to go so far in its efforts as it had hoped.

Primary receipts were quite large at 2,580,000 bu; a week ago was a holiday; last year they amounted to only 967,000 bu. When the visible supply was posted it showed a decrease of 2,201,000 bu, still leaving 176 million bu in all positions, or about 29 1/2 million bu less than a year ago. There was a decrease at Chicago of 189,000 bu, with about 5 1/2 million bu still here. This is a fairly large reduction from the stock on hand last summer, but if wheat is brought here from either the Southwest or Northwest markets, deliveries next May might give us a carrying charge from old to new crop positions. Much, of course, will depend upon the actual size of redemptions.

Our market was rather firm from start to finish. The psychology with respect to buying grains is much the same as in the merchandising lines, which we described above. Those who find it impossible to make purchases of soybeans, corn, or provisions because of ceiling prices, naturally their interests center in wheat, oats, and rye. While the open interest in the leading cereal is not particularly big, there does seem to be an element which is confident in finally higher prices, so that purchases are made on setbacks, Final prices were 1 1/8¢ per bu higher. More hedges were taken from the pit, and there must have been a fairly good flour business, some of which possibly was for government account.

Oats finally advanced a little in sympathy with other grains, but the threat of Canadian imports is a factor, and trade is rather moderate.

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CHICAGO March 2, 1943.

The temporary ceilings on corn expire March 13th, and naturally considerable thought is being given to the possibilities of a change when the permanent order is invoked. Of course, nobody can be absolutely certain that there will be a permanent ceiling, although the matter is being considered at Washington from all angles. At the moment all corn futures are at the ceiling, and there has been practically no trade for the past ten days. Yesterday, for instance, only 93,000 bu was traded, and the bulk was in the May delivery. As matters now stand, the government has guaranteed a price on hogs for a two-year period at $13.25 per 100 lbs, basis Chicago. It has almost become a standard ratio of 11 bu of corn to about 100 lbs of pork in dollar value; therefore, the government has practically guaranteed that corn is worth approximately $1.25 a bu if the farmer will feed it to hogs. The inconsistency, of course, is that if he sells it on the market, he takes about 25¢ a bu less, and the reason given for the temporary ceiling was to prevent inflationary tendencies. However, the secondary consequences must also be met, and the processor apparently is the forgotten man at a time when his work is also very important toward the war effort. While it is true that about 85% of the corn crop probably does not leave the county in which it is grown, it is also a fact that the 200 million bu which generally comes to terminal markets is very important to commercial interests, and it would be a national catastrophe if the grinders would have to close down their plants for lack of product. As we view the situation, it would be more desirable to let corn and feed grains rise somewhat, particularly since a floor has been placed under hog prices. If the government actually wants to stimulate foodstuffs, it is also proper that they stimulate production of feedstuffs, so that there will be enough planted to go around. It is a fundamental truth that when prices are high, there is more encouragement to produce, and farmers will raise just that much more feed and exert themselves to even greater efforts if conditions are right. They may put in a few patches of corn in some areas that they formerly considered too small to bother with.

When our market opened this morning, prices were rather firm, and while the flour business was less urgent, there was also a smaller amount of redeemed wheat on the market, and thus the line of least resistance was again on the constructive side of the market. Some people are of the opinion that the Bankhead Bill may have favorable reception in the House next Thursday, and this also is a stimulating factor, because if the vote is as decisive there as it was in the Senate, it hardly appears likely that the President will veto it.

Primary receipts amounted to 1,903,000 bu, which compares with last week's receipts for two days of 3,645,000 bu; a year ago they amounted to 875,000 bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 203,000 bu.

Whenever buying came into the pit, prices moved up rapidly. This was mainly due to light pressure, and it seems that redemptions are on a very much smaller scale than they were a few days ago; possibly the cold weather may have something to do with it, as there are some crop scares developing; the outlook for the winter wheat is not as favorable as it was a year ago, particularly as the surface moisture is light, and there can be no doubt but that rain will be needed with intermittent regularity once the crop starts to grow. At the same time it is a little early yet to become apprehensive, but trade is so small that the market seems to be more sensitive than at other times. Final prices showed an advance of 1/2¢ per bu. There may have been some milling demand, but at least it was on a much smaller scale, and possibly buyers have been satisfied for the moment.

Rye was reasonably firm at times, but there was some profit-taking, and the market has shown hesitancy although the May future at 87¢ is a pretty high figure considering conditions. Some hedges appear to be coming into the oat market.

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CHICAGO March 3, 1943.

There was no special grain news overnight, but the war news was mostly good, particularly the "blitz" operations over Berlin, probably being more intense than anything which has occurred thus far. This will undoubtedly reduce the Nazi air strength which they can expend on the Russian and African fronts, and will also tend to lower morale, as well as actually help to wreck war factories and keep workers idle, so that production centers have no doubt been upset in their schedules. Also, in reducing the size of the U-boat fleet for Germany, it may enable the allied nations to send more goods from supply sources. This is all regarded as a very favorable omen.

There is more attention directed toward weather and temperatures than in some time. Surface moisture is deficient over rather wide areas, and while it is probably a little too early to become apprehensive the first week in March, nevertheless we must recognize it as a psychological factor and one which the trade will bear in mind until relief is afforded. Also, variable temperatures, which were abnormally high and then dropped suddenly, were regarded as unfavorable for winter wheat in the Ohio Valley States. The chances are that we shall hear more later on of heaving, and we may also have a larger amount of winter killing than the previous season when, percentagewise, it was very low. We take the view that winter wheat got off to a rather good start last fall, and while it would be futile to expect another bumper crop such as was raised last year, one can at least figure on average conditions from this time forward, so that the proverbial April showers, followed by average moisture in May, might still give us a reasonably good crop on the reduced acreage.

The trade is in a rather bullish frame of mind owing to the much larger consumption which is taking place. Reports now that meat rationing may be more severe than had been expected earlier could also increase the domestic consumption, at least for those who are not afraid of starchy foods. We shall, of course, also have fairly large quantities of wheat used for commercial alcohol, but in spite of this and the extra amounts fed thus far, our carryover next July will be practically enough for normal consumption in this country for another year. This figure, of course, might have to be revised if an additional 100 million bu of wheat is fed to animals, and the matter is now under discussion, although the price will probably not be as low as the previous sales. If Congress does authorize such a transaction, the wheat might be made available only at corn parity prices. There was again a fairly active milling inquiry, and a considerable number of hedges were apparently lifted in Minneapolis, together with some here. This was a stimulating factor, as was also the revival of buying in rye, which cereal had been somewhat dormant for the past few sessions.

Primary receipts were quite large for the time of the year, amounting to 1,388,000 bu compared with 2,374,000 bu last week, and 593,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 274,000 bu.

With rye prices rather strong during most of the session, it had a stimulating effect on wheat, and the fact that there is so little country selling now is also a factor. It can probably be explained not by any disinclination of producers to accept present prices, but rather to the fact that the country elevators are fairly well filled, and they are finding it difficult to get empty cars to move this grain to terminals. Thus, they are in turn making only small purchases from Farms, but of course, this situation could easily change. With September wheat at around the $1.50 level, some caution must be exercised, despite the fact that wheat parity is now $1.41 1/2. Final prices were 1/4¢ per bu higher.

There was scarcely any trade in corn, but oats firmed up, and new-crop deliveries have gained a little on the May, possibly due to adverse crop reports from Texas and parts of Oklahoma.

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CHICAGO March 4, 1943.

The Jap Navy suffered a disastrous defeat, according to a message from Allied Headquarters, and the whole country is elated over our successes. Washington continues to warn against over-optimism when we attain victories, but on the other hand, it seems likely that there may have been too much pessimism. Human beings tend to judge the future on the pattern of past experience. The memories of German and Japanese victories are so vivid, and the impression so strong, that until recently it was difficult to escape their influence. Many of us fail to appreciate that the Germans and the Japanese triumphed against adversaries who at the start were not fully prepared. There is also reason to rejoice over the Russian capture of Rzhev, and according to Dr. Palyi, the secret of Russian victories is at least partly attributable to our Lend-Lease aid. He claims that almost 3,000 American planes were delivered by the end of December, and more since that time. In addition to this, the English planes sent to Russia were possibly more numerous than ours. It is fair to assume that they were almost exclusively combat planes. This alone explains Russian supremacy in the air since November, which was one of the decisive elements of their victories.

It was partly due to the improved war news that markets were higher this morning. However, there had also been some milling business, and apparently hedges were mostly removed in the September delivery, where the buying was felt more keenly than had it been in the more active months. Trade yesterday in September amounted to only 800,000 bu, while the current delivery was four and one-half times as active, and thus fluctuations were quite rapid for a time. There was also some inspiration from the oat pit, where prices were considerably higher, and this was undoubtedly on account of the favorable feeding situation and a further advance in hog prices this morning to a high of $16 per CWT. Today's market established the highest level in twenty-three years. To think that corn futures should remain frozen while there is apparently no ceiling on hogs is certainly placing a good many individuals in a distinctly unfavorable position, and seems to be giving all the benefits to feeders without regard to other classes of users. To show what activity there has been in the hog market, at the Chicago Yards prices have advanced from 50 to 60¢ within the past week. Cold weather may have been a factor in restricting the movement, although in a general way shipments during the past several months have been far below normal expectations.

There was a brisk market for oats locally, with 150,000 bu sold to go out. The only question still in the minds of conservative traders is the extent to which Canadian surpluses may be dropped into this country. Canada raised about 650 million bu, and cannot feed anywhere near that quantity, but the lack of shipping facilities may keep our imports down to comparatively small proportions.

Primary receipts were quite large at 1,728,000 bu compared with 1,297,000 bu last week and 636,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 318,000 bu.

Despite some hesitancy at Minneapolis, our market was rather firm from start to finish. Best prices were not maintained, as there was considerable profit-taking, but reports from Washington indicated that an additional 100 million bu of wheat might be authorized for feeding purposes from CCC stocks. The price, however, would probably be at full corn parity, as the government sustained a loss of about $43 million on feed wheat sales up to the present time. This probably does not include costs of carrying the grain nor the transportation to the various districts where it was consumed. But apparently it is felt that it should be placed on a more competitive plane with other feeds. Final prices were 1/4¢ per bu higher.

Rye was strong. There was some commission house buying, but also some realizing.

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CHICAGO MERCANTILE EX.

CHICAGO March 5, 1943

A good deal of attention naturally centers on post-war developments with respect to agriculture, and this is probably one of the reasons why rye has been able to attain present levels. We have given consideration to the possibility of exports, always having in mind that our government would, of course, be anxious to reduce its own holdings of wheat, and then, too, there would be some comeption from Canada and the Argentine, although a new factor arose today when suddenly Winnipeg futures advanced rather sharply. The Wheat Board will not give any information, but there appears to be a definite change in policy, with no ceiling on wheat, and a good many people consider Winnipeg prices very cheap compared with ours, especially when the Canadian price is converted to American funds, actually making it about 10¢ a bu less than the board price. Everyone knows that the subjugated countries will require tremendous quantities of food, and while naturally nothing will be changed until the war comes to an end, there is for the moment a better business with Russia, mostly under Lend-Lease, probably 6 to 10 million bu having been worked during the past two months. It is really remarkable that with fighting going on in so many theatres, the requirements are not even greater, but reports from Moscow state that in 1942, Russia succeeded in raising her cereal acreage by 5 million acres. This occurred, despite loss of the territory in the Ukraine and the Northern Caucasus. Sanford Evans, to whom we are indebted for this information, states that confirmation of this rather astonishing claim is lacking. According to Broomhall, it is a fact that in the agricultural, as well as in the industrial field, Russia has exhibited a power of recovery which has amazed the world, and there is now the prospect of spring crops being grown this year on the reconquered Juban plains, and also possibly over a large part of the Ukraine. Owing to the fact that livestock herds have been reduced in Russia and pastures have been plowed up for grain, it is possible that preference may be given to imports of dairy and livestock products.

When our market opened, prices were rather firm. There was undoubtedly further milling business, but as an offset there are redemptions taking place right along; so we are having a little more two-sided market. The Lend-Lease shipments have failed to show up in the clearances thus far, and in thirty-four weeks, we have placed about 12 million bu wheat and flour afloat. Little attention is paid to this rather bearish item, owing to the fact that possibly another 100 million bu wheat will be authorized for sale from the CCC stocks to be used for feed. If this comes to pass, it will mean that our domestic disappearance for the first time in history will be close to the billion-bushel mark. This would still leave us with a big carryover, but yet if next year's production falls considerably below the previous one, consideration would again be given to the added uses for wheat, such as occurred during the current year. In other words, it would make a vast difference whether we were going to consume grain just for human consumption, or whether there would again be a feeding program, together with large quantities ground for commercial alcohol. It is for this reason that crop reports will be watched more carefully than ever. We can hardly imagine that surface moisture in Kansas is so bad, and we quote one sentence from the weekly State report as follows: "Snow that covered the ground at the close of the week will delay the seeding of spring crop." After all, wheat is either in the dormant stage or just starting to green. It is the western counties, however, where surface soil is becoming dry, although subsoil moisture is fair to good. Oklahoma, in its report, says that surface soil is becoming very dry generally over the entire State. In most areas, however, subsoil moisture is still adequate, but beginning to show the effects of continued dry weather.

Wheat primaries at 1,384,000 bu were smaller than last week, but about twice as large as last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 309,000 bu. When the visible supply is posted Monday, it will compare with a decrease a year ago of 1,610,000 bu.

Profit-taking toward the last was more drastic in the deferred months than in the May. Final prices were 3/8 to 1¢ per bu lower. Winnipeg wheat, even after advancing, amounts to only 84¢ per bu in our money, or about 63 3/4¢ discount. While there is a quota on imports, it is just possible that this might be changed, although we have nothing official to make us believe that it has been considered. In normal times we permit Canadian wheat to enter this country under a 42¢ a bu duty. Rye and oats also reacted after being strong early.

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CHICAGO MERCANTILE EX.

March 8, 1943

War news continued mostly good over the week-end, and this is one factor which encourages the trade both in commodities and in securities. Despite the heavy bombing of Germany and the big losses of both men and materials in Russia, there does not seem to be as yet a crisis of morale nor has a crisis of privation yet appeared, but there is distinctly a crisis of leadership, and this for a totalitarian regime is extremely important. Nobody seems to have untangled any of the rumors with respect to Hitler's hiding, but at least one thing is certain: namely, that he has given the German people no direct personal guidance or inspiration during their greatest trial.

In this country, the government announced a higher loan for barley and grain sorghums for next season. This is done primarily to encourage feeding, and with the large number of animals and hogs on farms, our unparalleled supplies of grains is gradually going into consumption at a rate which makes the future very uncertain. Two authorities from Cornell, in writing for the Wall Street Journal, make the following statement: "It takes about seven pounds of dry matter in the form of grain, in addition to the hay, forage, and pasture, to produce a pound of dry matter in the form of livestock products. This is a luxury that few nations can enjoy, even in times of peace. War is a time when luxuries are usually curtailed." They also point out that our present agricultural policy has been to pay high prices for livestock products and to keep down the price of grain. Sooner or later, this policy must be reversed. In their words, "If some such national agricultural program is not dignified by official pronouncement, it will nevertheless be invoked by the American farmer." Of course, a higher ceiling for corn prices is in the offing, but this was granted rather grudgingly and probably not enough to fully correct the distorted condition which has arisen. There is always the possibility of replenishing our feedstuffs through Canadian imports. It is now estimated that with an oat crop of 500 million bu in the Prairie Provinces, the carryover next August will amount to about 272 million bu. The reserve from last season was almost negligible, and this shows that even with an increase of nearly 19% in the Canadian hog population, there is still insufficient demand up there to take up the slack brought about by huge production. At the present time, there are 7 3/4 million hogs in Canada; so with the large amounts of wheat, oats, barley, and rye that were raised last season, heavy reserves will be carried into the next crop, but in spite of this fact, the Dominion program is asking for larger acreages for oats and barley to offset reduced acreage for wheat. However, a 12% intended increase in oat acreage and 11% increase for barley may still not produce as much for these two cereals as was raised last summer.

Primary receipts were quite large at 2,336,000 bu compared with 2,580,000 bu last week, and 990,000 bu last year. When the visible supply was posted, it showed a decrease of 2,304,000 bu. This leaves total stocks in all positions 173,828,000 bu, which is 30 million bu smaller than a year ago. Chicago stocks decreased 173,000 bu, which leaves 5 1/4 million bu at this point.

Trade was not particularly active, but with a little lull in milling demand after many days of activity, buying power was less urgent. Redemptions are holding up reasonably well, which is natural at present levels. Winnipeg wheat was quite strong, and there is no ceiling on it, so that a little speculation has come into that market. As far as Canadian domestic mills and feed buyers are concerned, the government subsidizes them on their purchases of wheat down to a certain fixed price basis, so that ceilings on flour and mill feeds, etc. can be maintained, and any advance in the market merely means that the government, through the Wheat Board, are selling their wheat at more money, and paying some of this profit to millers and feed dealers. The Canadian government apparently sees no good reason for not trying to obtain better prices on exports, and therefore, is only selling in the pit as advances take place. Final prices here were 1/2 to 3/4¢ per bu lower.

Oats and rye were strong early, but finally lost some ground in sympathy with the leading cereal.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
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141 W. JACKSON BLVD.

MEMBERS:
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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO

March 9, 1943.

The wheat loan probably more than anything else has been instrumental in keeping values artificially high for several years. It could hardly be stated that our wheat is worth present prices on an export basis, owing to the fact that prices in Winnipeg are so much lower. Their May wheat at about 96¢ a bu represents a price of only about 86¢ in terms of our currency, and is, therefore, still more than 60¢ a bu under us, despite some improvement in the relationship during the past week or so. As a matter of fact, the total amount of wheat impounded in this country was about 405 million bu, and while the government has not yet given the final tally, we must assume that since loans on winter wheat could not be made after December 31st, or on spring wheat after January 31st, the bookkeeping must be nearly completed. In breaking this down, we find that183 million bu was frozen in farm-stored loans, while 222 million bu represented warehouse storage. Apparently many farmers were in position to take advantage of the extra benefits, and thus save storage charges by keeping their wheat right at home, but it is just as likely that they will need this space for the next crop, or at least a good part of it, since there is a limit to how much can be kept on farms where there is not the opportunity of turning it and handling it, as would be the case in a terminal elevator. In any event, it is our feeling that, despite the fact that producers have the right to carry these farm loans for another year, a good percentage of them will be liquidated if present prices are maintained. Of the warehouse storage wheat, the producer must make up his mind between now and April 30th whether he wishes to default, and for that reason redemptions on the latter are running somewhat higher than on the former. According to the government sheet which we received this morning, there has been 16 million bu of warehouse storage wheat redeemed, while only 9 million bu of farm-stored wheat has come out of the loan, but in any case, it is rather significant that a total of 25 million bu of wheat has gone back to commercial channels, which means that there is still 380 million bu frozen from the 1942 crop season, and it is the liquidation of these stocks which will have a very important bearing on the market henceforth.

.Today, for instance, with the milling demand rather slow, there was a fair amount of pressure exerted and consequently further reactions took place. From a political angle, very little was heard from Washington, although the trade expects that before long the House will take favorable action on the Bankhead Bill, and in addition to this the Pace Bill was approved by the House Rules Committee; so these factors must always be borne in mind. A certain amount of bullish impetus has been imparted to markets owing to revision of ceilings. Just at this writing, soft wheat millers are having discussions with the OPA, while in corn it is felt that between now and March 13th, new maximum prices will be reached, this all being evidence that more attention is being given to consumptive interests which have been squeezed through no fault of their own, but nevertheless, their inability to obtain supplies has caused them much concern.

Primary receipts were quite large at 2,209,000 bu compared with 1,903,000 bu last week, and 841,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 117,000 bu. Markets firmed somewhat after a sharp break, owing to the fact that the country movement slowed up somewhat. However, as the Robinson Elevator report maintains, the country movement had been unusually heavy during January and February, and they expect it to continue for some time. There has been considerable farm wheat sold which cannot be delivered to country elevators, because the country elevators are full, and there is definitely a shortage of freight cars to get this wheat to market.

As to the crop itself, fall seeding was completed under very satisfactory conditions, with plenty of both surface and subsoil moisture, and the plant made good growth before freezing weather set in. Robinson also states that there has been no complaint of soil heaving, and they believe that the winter kill will be negligible. There seems to be sufficient subsoil moisture to bring the plant out as soon as growing weather starts. However, moisture depth does not go down as deep as it did in the spring of 1942.

Last prices were 1 1/8¢ per bu lower.

Oats and rye were also affected by the decline of the leading cereal, although the latter cereals held comparatively well.

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CHICAGO MERCANTILE EX.

March 10, 1943

At this time of year we ordinarily enter a period when crop scares come to the foreground, but these may be delayed now owing to the fact that rather general moisture has fallen over the winter wheat belt. Thus the dry spell, which temporarily bore on the minds of traders, has at least been dissipated for the time being. Once the crops in normal times are harvested and we know the quantity of wheat with which we are dealing, the trader has a rather simple algebraic problem, with the one unknown quantity being the export figure, but in a general way other factors are pretty well known, such as the size of our domestic consumption and the approximate rate of domestic disappearance.

During the past year, we have had the most complicated situation that any mathematician has had to face. After the crop and carryover were fully established, the first unknown quantity was the amount of wheat which might go into the loan, and there were a number of exaggerated estimates in this direction, even the government figuring at one time that 500 million bu might be frozen. Once the loan period came to an end, the guessing contest continued as to how much wheat might be redeemed, and as a matter of fact, this is one of the problems still with us. It has been further complicated this year, with loans on farm storage not maturing for another year; consequently, we shall not know on April 30th how much has been defaulted and how much has been returned to commercial channels. In addition to this, the trader and merchant had to figure not only normal exports to Central American countries, but also, how much we might give away under Lend-Lease, and this was without precedent, since the quantities could always be larger than when countries paid for the goods which they desired. Many new plants had been erected which manufactured commercial alcohol, and that, too, was an added consumptive outlet for our wheat; present guesses are that maybe 80 million bu of wheat will be used for that purpose. The wheat trader also had to guess whether corn prices would go up or down, since 125 million bu of wheat was authorized for sale by the Congress at 85% of corn parity. At the start the demand was rather nominal, but it grew by leaps and bounds as corn prices advanced. Now we are faced with the possibility that an additional 100 million bu may be used for similar purposes, although very likely full corn parity prices will be demanded. Furthermore, certain elements in Washington threatened with intermittent regularity to change the method of computing parity, and while normal parity advanced almost each month without any added inducements, certain members wanted to inject labor costs, so that the process could be faster during wartime. Canada had raised a tremendous crop, and could sell only part of it to European countries, so that the threat of our abolishing quotas on the 800,000 bu which had been allowed to enter this country was another item which had to be met from time to time, while at other periods it was assumed that we might import Canadian wheat for feeding purposes only on an ad valorem basis. A directive from the administration placing flour ceilings at levels which did not reflect full parity price levels, also had repercussions. So in addition to the overnight surprises which came from Washington, the trade was kept in almost constant turmoil. Sometime when there was no legislative news, inflationary measures come to the foreground.

Primary receipts were slightly smaller at 1,653,000 bu compared with 1,388,000 bu last week, and 657,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 79,000 bu.

Redemptions were on a smaller scale, but likewise, milling demand seems to have been satisfied for the moment. This is giving us somewhat narrower markets. Prices eased off slightly, with the deferred months being the weakest. The close showed a decline of 1/2 per bu.

Talk that ceiling prices might be imposed upon hogs had a slightly bearish influence on oats, but there, too, volume of trade was light. It is felt that if the permanent corn ceilings are advanced about 8¢ per bu, enabling the farmer to obtain about $1.00 per bu for his corn down-state, that despite the advantageous feeding possibilities, some more corn will move.

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CHICAGO MERCANTILE EX.

CHICAGO March 11, 1943.

In the absence of any aggressive milling trade, there is no particular reason to look for sustained strength in wheat, but on the other hand prices reached a level last night at which redemptions both in the Northwest and in the Southwest had dropped to rather small proportions. This is only natural, for at Kansas City even protein wheat is not bringing much of a premium, and since the farmers, on their warehouse receipts, have to pay the various charges of storage, insurance, interest, etc., there is very little money now in taking up their contracts and selling the wheat on the open market. This leads us to believe that no sharp breaks are apt to occur until a much larger amount of grain is returned to commercial channels .

In addition to this, the question of inflation always come to the foreground and can never be entirely dismissed from one's thinking. In many parts of the country, there has been a rush to buy goods of practically every description. This has lifted sales of department stores, clothing and apparel stores, and also, food stores to probably the greatest volume ever experienced except at Christmas time. This buying, while it has diminished somewhat in pace during the past two weeks, was primarily a public reaction to anticipate many of the shortages which had developed, and also, the fear that additional rationing in certain lines might take place. It does show, however, the unprecedented purchasing power which has come about through the small private debt, and, of course, war disbursements are spreading over the country, so that there is a certain eagerness to store ahead rather than to take a chance of not being able to get merchandise when it is actually needed. The government fully recognizes this inflationary menace, and with that in mind is bending every effort to keep labor costs more or less fixed at present levels and not to permit commodities to get out of hand. In other words, even higher commodity prices have not been a deterrent to consumers with big incomes to satisfy both present and future wants and it is this expanded buying which has had something to do with the psychology of those who have been interested in all commodities.

There has been nothing definitely announced with respect to corn ceiling prices, and very likely those who are administering this program are trying to work out an equitable solution for giving elevators a chance of earning their carrying charges between the various delivery months. We know that this has been discussed in the various trade conferences with OPA, but presume that also there is the question as to how prices should be controlled between old and new crop. In other words, if the carrying charge were permitted to continue to run from September to December, it would gradually carry next year's corn futures into new high ground. Of course, this may even be the intention since parity has advanced considerably since last November, when the loan computation was set. But the country as a whole now recognizes that the inflation of demand requires more widespread and stringent controls of consumption if price controls are to be effective. The Chicago hog-corn ratio stands at 15.7 compared with 15.8 last week, and 16.2 a year ago. Despite the very favorable feeding relationship, many feel that if the farmers can get $1 a bu for their corn, a fair country movement may take place, and this is certainly to be hoped, as industries will require quite a little corn during the next six months to take care of regular requirements, as well as war needs.

Primary receipts were quite good at 1,649,000 bu compared with 1,728,000 bu last week, and only 544,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 158,000 bu.

There was only fair activity today, despite some reports that the bakery industry in the East had bought fair quantities of flour. In a general way, demand was light, and we did not notice that many hedges were removed either from Chicago or other markets. In fact, at times Minneapolis was inclined to be weaker than we were. Our market was finally 1/8 to 1/4¢ per bu higher.

Corn and oats were very steady, trade was not particularly active, but there seems to be confidence by many in the trade that present prices are warranted.

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CHICAGO MERCANTILE EX.

CHICAGO March 12, 1943.

There is little doubt that a number of traders who have been long oats and rye have been awaiting government action on corn ceilings, with the idea that if the yellow cereal advanced sharply in price, it might give them an opportunity to even-up their commitments in the other pits to better advantage than at the present time. Rather unexpectedly this morning, it was announced that all curbs on lake shipping with respect to coal and grain cargoes had been lifted for one month, and this leads us to believe that when navigation opens early in April, there may be a considerable quantity of Canadian oats and rye imported into this country for distribution in the territory where rail shipments would have been too costly or impractical. This had a somewhat bearish influence upon rye, and oats also reacted after being so strong yesterday, with the result that wheat futures also sympathised to some extent. It is not yet known how many vesselsmay be available for transporting this grain, but at least there is a threat now, as a considerable quantity of grain might be brought down from Canada if conditions permit. Other news had very little effect upon the market, although it seems to be a fact that when wheat declines take place, redemptions also decrease, and for that reason sharp breaks in the market are not likely at this time.

Our exports are showing improvement, and about 13 1/4 million bu of wheat has left these shores, according to reports which we consider reliable, but the chances are that within the next three or four months Lend-Lease shipments will play their part in a rather important way.

Canadian wheat was again very strong, and there seems to be a better psychology at Winnipeg, owing to the fact that governmental agencies are not trying to hold prices down by continual sales. From a statistical point of view, Canada has exported only about 100 million bu wheat and flour in thirty-one weeks. Domestic disappearance up there has amounted to about 31 million bu for the Provinces, so that there are still no bib inroads being made into their supplies, as at the startof the season they had a crop and carryover of 1,016 million bu. News from Southern Hemisphere countries discloses that the long dry spell in the Argentine was broken by heavy general rains throughout most of the corn belt. The chances are that these were too late to have served their purpose, although they undoubtedly will benefit pastures and grasses and may actually help the late sown corn. Furthermore, it is important to have this moisture in order that growers may start plowing soon for wheat and linseed crops. Wheat and flour shipments from that country remain light-- only about a million bu the past week. Australian plowing has already started, but according to trade reports a further reduction in acreage is expected. Last season, 12 million acres were planted compared with 14 1/4 million acres in 1938, and there have been constant reductions since that period. Likewise, the demand has fallen off since the start of the war.

During the recent period of rising wheat prices in Canada, cash oats and barley did not follow, but the indicated carryover for the latter crops is so tremendous that unless they can ship some of their surpluses to the United States, it seems unlikely that even with heavier feeding operations they can escape carrying burdensome reserves into the next season.

The Kansas weekly crop report was optimistic. Moisture received in the form of snow will be very beneficial to crops. Soil is generally in excellent condition to work, with a good supply of subsoil moisture and a fairly adequate supply of surface soil moisture, except in the western areas where top soil is dry.

The primary movement was quite large at 1,781,000 bu compared with 1,384,000 bu last week, and 725,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 175,000 bu. When the visible supply is posted on Monday it will compare with last year's decrease of 2,480,000 bu.

Markets were rather weak from start to finish. There was only one real issue --namely, the possibility of heavier imports from Canada, owing to greater lake tonnage being made available to grain transport.

Permanent corn ceilings should be announced tomorrow. We believe the question of trying to regulate maximum prices for every hamlet of the country and for every grade grown, may prove to be almost an impossible task.

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CHICAGO MERCANTILE EX.

CHICAGO March 15, 1943.

Post-war plans are being freely discussed, but it should always be borne in mind that after the war, the world will be worse and not better off. We are not trying to strike a pessimistic note in making this statement, but everyone must realize that war wastes or destroys today's output, and the call is for still more more and women in the services and in war industries; also the increased rise in war expenditures is an index of the added strain that will grow if this year's offensives assume large proportions. However, there is also a bright side to the picture, and when hostilities have ended, we shall still have the power to produce, also the labor, the land, the capital, and the skill. Furthermore, if there are not too many restrictive practices, we shall undoubtedly have full employment and efficiency to carry on the reconstruction.

There was very little grain news when our market opened this morning, although the Department of Agriculture, through the CCC, indicated that 36 million bu of wheat had been redeemed from the 1942 loan program. The last available figure shows that 405 million bu had been frozen at the peak, but with the amount that has been cleared from federal records, there is only about 369 million bu still tied up, together with about 207 million bu from previous seasons. At the moment, redemptions are rather slow, and it apparently does not profit the farmer to pay off his obligations at current market prices. Nevertheless, there were big receipts both Northwest and Southwest, and some hedging came into the pit, mostly in July wheat, with the result that early prices declined, while milling demand was apparently still slow. We would rather judge from the psychology of farmers that if there were an advance of, say, 3 to 4¢ a bu, the country would be in a better mood to resume redemptions again, and for that reason the market appears to be in an area now of narrow fluctuations. There was also satisfaction expressed that the Northwest weather had been favorable just prior to the time when seeding operations would take place. Bismarck, North Dakota reported a heavy snow, and this moisture was more or less general. So with spring wheat farmers being permitted to expand their acreage, the crop may yet be planted under favorable conditions, and possibly this will even encourage a larger acreage than if dry weather had prevailed.

The trade was not at all surprised that corn prices today stayed at the maxima for the four delivery months. The country movement of good quality corn has been very light, and farmers continue to hold this type of corn, in the event that new ceilings will be reached if the Bankhead Bill is passed. Furthermore, it is not very likely that the government will continue a policy of rigidity where consumers are almost entirely overlooked. It is true that in some cases, government stocks are being sold where plants might otherwise have to close down, but since the CCC stocks probably are not in excess of 25 million bu, this is only a makeshift arrangement, and in our opinion, cannot last. With the high prices of hogs and cattle, there is naturally a reluctancy to ship corn to terminal markets since the present cash price is unsatisfactory compared with feeding values, and the majority of spot offerings recently has consisted of low quality either with a high percentage of moisture or else heavy damage, but this will not satisfactorily take care of commercial interests.

When the visible supply of wheat was posted it showed a decline of only 174,000 bu. This shows the effect of the larger movement. Total stocks in all positions amount to 173 1/2 million bu, or roughly 28 million bu less than was on hand last year. Chicago stocks increased 69,000 bu for the week, to a total of 5,364,000 bu. Primaries were large today at 3,127,000 bu compared with 2,336,000 bu last week, and 787,000 bu last year.

It is not likely that heavy receipts will continue if wheat prices remain low; thus purchases on breaks are probably in order, at least for moderate turns. Final losses ranged from 7/8 to 1¢ per bu. At times Minneapolis led the decline, and they reported an easier spot market with higher proteins unchanged to 1¢ lower.

Rye and oats were also weaker, particularly the former, which had been subjected to liquidation. The huge open interest places this cereal in a rather vulnerable position, particularly if imports take place, and more hedges have to be absorbed.

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CHICAGO MERCANTILE EX.

CHICAGO March 16, 1943

It is difficult to comprehend what our food consumption would be were it not for rationing in many lines. First of all, a nation almost completely employed at high wages consumes a great deal more than in times of stress, and furthermore, our shipments to the men overseas, as well as those for Lend-Lease, must be taking place on a very extensive scale. Even now when we are attempting to send supplies to North Africa, the food position in the light of recent reports appears to be rather tense. Old shortages have remained and grown more acute, and even new ones have now appeared. As the London Economist points out, a glance at the French papers published in North Africa is enough to show that black markets have spread extensively. The papers have published lists of penalities imposed upon speculators in food and other goods. Also, we find that food bottlenecks are the subject of the few speeches by local businessmen and administrators, which appear in the strongly censored press.

When our market opened this morning, there was a little better sentiment than had prevailed yesterday. While it was recognized that heavy receipts both in the Northwest and in the Southwest had brought in more hedging pressure, particularly for the new crop futures, it was also recognized, that the larger run of wheat had been made possible by earlier redemptions when our prices were higher. Yesterday with the decline of May wheat to about 143 3/4, country selling had eased off materially. Thus it was figured that new pressure would be exceedingly light. This type of reasoning makes perfect sense as we see it. It is altogether possible that if values advance another 3 to 4¢ a bu, redemptions will again be profitable, just as was the case when about 36 million bu was redeemed from the 1942 crop season a little earlier. Consequently, we are inclined to believe that prices will rule within a narrower range than heretofore.

There are apt to be some crop scares from time to time, although recent moisture has been very beneficial. On the other hand, if the Bankhead Bill should be passed by the House, or if other legislation would encourage longs, we feel that some advances are likely to take place. No doubt these would enable more free wheat to be returned to commercial channels. Longs took some comfort from the fact that 100 million bu of wheat will undoubtedly be authorized for sale from CCC stocks at full corn parity, while others pointed to wheat discussions in Canada, where one legislator in the House of Commons yesterday asked that the Wheat Board prices be raised to $1.10 a bu for export grain and $1.25 a bu for that which was sold on the domestic market. According to the Trade Minister, the whole wheat situation is under review, but, meanwhile, it is apparent that hedges will be placed in that market only as advances take place, and it is no longer the desire to keep prices in the low 90's, as was the case for many months.

Primary receipts were a little smaller at 1,551,000 bu compared with 2,209,000 bu last week, and 755,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 279,000 bu.

Trade was of rather moderate proportions, possibly no more than yesterday when less than 5 million bu were transacted in the pit. Firmness at Winnipeg was a factor in the last few minutes of trade, and prices here closed about 3/4¢ per bu higher.

There were a few trades in corn, with apparently some contracts liquidated, but ceiling prices were maintained, and this situation cannot go on forever. Washington must be getting hundreds of complaints, and the situation should finally be remedied. The United Nations' need for hog products is among the most critical and intense. The number of hogs on American farms has been stepped up 40% above the ten-year average, but still the demand has bid up the price of individual hogs over 2 1/2 times. Even with these changes, the present supply of hog products is inadequate. To try to keep corn prices down seems to be uneconomic, to say the least, and to punish unnecessarily the commercial interests, or those farmers who are trying to market their grain and not feed it, is difficult to understand, even granting that there is an earnest desire to prevent inflation.

Oats and rye were weak at times, but finally benefited when the leading cereal recovered losses.

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CHICAGO MERCANTILE EX.

CHICAGO March 17, 1943.

The American farmer is probably in better shape now than ever before in history. His cash income from marketings alone amounted to $15,442 million in 1942, which was 38% larger than in 1941. Not only was the weather unusually favorable during the growing period, but under the impetus of a record demand for his products, he was able to get good returns. In spite of this, the government payments under the agricultural conservation program and price parity payments were fully kept up, and totaled $697 million, which was actually 19% greate than the year earlier. Returns from all major types of livestock and livestock products were considerably higher than the previous year, and the greatest income was derived from hogs. As we pointed out yesterday, farmers received more than two and one-half times as much as in 1940, and 64% more than in 1941.

This has all tended to create a much heavier demand for feeds, and it was more than fortunate that the corn crop turned out to be a record for all times; otherwise, there might not have been enough to go around. Most economists would tell us that price is the best regulator of all, and it might be far better to permit corn to seek its normal relationship with hogs than to attempt ceiling prices, which are so far out of line that consumption may finally overtake the supply. We also had an extremely large carryover of corn from the previous season, which all helped, but if next year's crop would turn out to be just average, we might fail to accomplish our purpose in trying to step up meat production. Undoubtedly these thoughts must be going through the minds of those in Washington who have to face the problem at a time when all corn futures here are frozen at the maximum limits. No doubt thousands of complaints are pouring in, and it is probably for this reason, as well as for other considerations, that the House Rules Committee late yesterday approved the Steagall Bill, which is a companion measure to the Bankhead Bill. If this legislation should finally be enacted, it would prevent ceilings to be imposed by various governmental agencies at less than parity price, and thus there would have to be a re-draft of present ceiling prices for corn. In fact, it would not be surprising if we might have a free market again, owing to the fact that it is almost too complicated to try to regulate prices for each grade of corn that is raised and to have a fair price in every community of the country. Freight structures are complicated, corn does not always move in the same direction, and the feeders east of us, who do not raise enough for their own animals, have already found it difficult to operate. The old law of supply and demand has not yet been improved upon, even though various artificial stimuli have been attempted. As Broomhall Corn Trade news points out: "Normally speaking, the wheat trade needs no control and, in fact, the history of many hundreds of years past shows clearly that trade prospers and the peoples of the world are happier and better fed in times when governments keep out of the wheat trade and allow the natural law of supply and demand, working through a free and unhampered trade, to correct local abundance and scarcity."

Primary receipts were light today, although Minneapolis was missing; they amounted to 629,000 bu, compared with 1,653,000 bu last week, and 425,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 410,000 bu.

There was a rather friendly feeling in all pits. The feed situation, as described today, is strong, and it is probably only a question of time before higher corn levels will be permitted. This helped the oat market, and with small stocks in Chicago, the May futur stays at a fair premium over new-crop deliveries. Wheat will no doubt go into consumption at a faster rate if more is authorized for animal feeding, although redemptions will undoubtedly increase on moderate advances. The close was at a gain of 1 1/8¢ per bu.

Rye was strong; the heavy carrying charge between successive trading months is apparently no deterrent to those who are playing the constructive side of the market.

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CHICAGO MERCANTILE EX.

March 18, 1943.

The Senate late yesterday passed legislation to defer all essential farm workers from military service. There have been any number of complaints as to the scarcity of farm workers at a critical period when we are trying to produce heavily in order to take care of the nation's food products for 1943. Therefore, it might be interesting to see what the farm employment situation really is.

On March 1st of this year, there were 8,730,000 persons working on farms. This was up 361,000 from a month earlier, but, of course, February is about the low point, since there is not much work to be done on the farms at that time. Nevertheless, the reduction from a year ago is very slight, for at that time there were 8,738,000 persons working on farms, so that the decline in the past twelve months has not been very great, considering that the draft boards have been busy and induction has taken its toll of farm labor, as has been the case in all other lines of industry. Nevertheless, the figure for March 1, 1943, shows the lowest number of farm people in the nineteen years that monthly records have been kept, and it compares with an average of 9,412,000 persons for the five-year average 1935-39. In any event we harvested last summer the second largest wheat crop on record, and later had the biggest corn crop in history, together with good crops of hay, alfalfa, oats, etc., showing that when prices are right, and there is sufficient incentive, even smaller numbers of people who are at work continue the job with the proper encouragement. It does take more manpower for animals and dairy herds than for farming itself, but with the government giving every consideration through draft deferment and through education, it is possible that the proper solution can be found. With the greater use of labor saving practices and devices, also the removal of working hazards and planning work ahead, keeping tools in good condition, exchanging labor and sharing equipment, the future seems reasonably optimistic. The biggest job, of course, is in the training of new workers in order to avoid waste of materials, damage to equipment, and accidents, since all of these factors would necessarily slow down the vital food production.

When our market opened this morning, prices were rather firm. The trade feels that even though milling demand is slow for the moment, our domestic consumption is constant and sooner or later new flour orders will be had. Also, it seems to be only a question of time before the Bankhead Bill or its companion measure in the House will become law. Thus there is every reason to feel that the deadlock in corn will be rectified with probably higher ceilings permitted or restrictions removed entirely, so that business will not be blocked. The House has already approved a bill providing for an additional 100 million bu of wheat to be used for feeding purposes, and while in the corn areas the price will be considerably higher than when the program was initiated, there are some areas in the Eastern and Western sections of the country, far removed from the corn belt, in which this feed wheat will be sold at prices probably only 1 to 3¢ a bu higher than heretofore. Consequently, our domestic consumption may be close to the billion-bushel mark for the first time in history. With this in mind, the CCC is preparing to accept farm-stored wheat in default of loans before the expiration date in order to have larger supplies on hand. But it is not likely that farmers will take advantage of this change, since many of them are hoping to benefit more by a possible rise in price.

Primary receipts were fairly large at 1,498,000 bu. This, however, included two days' receipts in Minneapolis, as weather conditions yesterday prevented the usual inclusion in the day's tally. Last week they amounted to 1,649,000 bu; a year ago 759,000 bu. Kansas City and Minneapolis stocks so far this week show a total increase of 400,000 bu.

There had been a little milling demand early, with Minneapolis prices higher. This gave us firmness at the start, but later on rye became quite weak, and there were recessions in all pits. Even in oats, where the feeling is quite bullish, some hedge selling took the edge off the market after an early upturn.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO March 19, 1943.

In normal times the post-harvest movement is large, but the railroads generally prepare for this in trying to have hundreds of empty box cars on the sidings in order to move grain to market. This situation has changed materially in recent years owing to the loan, and, of course, with nearly 200 million bu of wheat tied up in farm storage at one time, it meant that tremendous quantities were held back in the country. The result now has been that for the last fourteen weeks, the railroads have been handling the heaviest out-of-season grain movement in their history. With prices going to a level at which redemptions in practically all parts of the country were made possible, there has been a large movement, which has been quite general. As a result, the railroads' supply of class "A" box cars used for hauling grain and other commodities, which must be kept absolutely clean, has now become extremely small. It cannot be claimed that Lend-Lease shipments alone are responsible for the tremendous traffic, as we have shown in our letters from time to time that exports have been only nominal since last July. However, there have been millions of bushels of grain moved from farms to take care of the feeding program, and also, large quantities for the manufacture of commercial alcohol, and both these projects will require additional hauling by the carriers, probably to the extent of the railroads' own capacity to haul. This may even continue right up to next harvest.

The Senate today adopted the House joint resolution for the release of 100 million bu of government-owned wheat to be sold as feed. In addition to this, the CCC will make wheat available for the purpose of industrial alcohol at 9¢ a bu less than the delivery price fixed for No. 2 yellow corn in the new ceiling regulation on the latter grain. This would mean a price of approximately 93¢ a bu for wheat were it delivered at Chicago, and thus it will be seen that the added usage of wheat will go beyond anything that was earlier anticipated. On the assumption that our domestic consumption is about a billion bu, it will exceed those years when we were able to help ourselves through large exports. Probably the years of heaviest clearances were in the period from 1920-22, when our exports averaged 288 million bu. At that time, however, we probably were not using more than about 600 to 625 million bu of wheat at home for food, feed, and seed; so the current season may be an outstanding one from point of view that we shall get rid of more wheat than ever before.

Wonderful moisture conditions are being witnessed in most parts of the country. There were heavy snows or sleet reported in most sections of the Southwest, while rain fell in the Central States, and blizzards have occurred in spring wheat districts. This should all prove very beneficial as we emerge next Sunday from winter into the spring season, and this will also allay fears in some dry sections in which surface moisture had been deficient.

Primary receipts were somewhat smaller at 1,152,000 bu; this is partly due to blizzards in the Northwest, where the movement is being held up. Last week's primaries amounted to 1,781,000 bu, and last year 901,000 bu. Kansas City and Minneapolis stocks so far this week show a net increase of 362,000 bu. We do not expect much of a decrease, if any, in the visible supply next Monday; a year ago it shrink 1,140,000 bu.

Just at this writing the Pace Bill is up for consideration. Even if passed by both Houses, it may be vetoed, owing to the fact that parity prices are already very high. If a loan of 85% of parity were based on present computation, it would be about $1.38 Chicago. Of course, parity might rise further between now and next May, without any legislation. However, September wheat is selling almost 10¢ per bu over the approximate loan, and even July wheat is at a big premium. So, if these relationships are maintained the amount impounded next season may be very much smaller than in recent years. This suggests some caution, particularly if we come into heavier redemptions. Final prices were 3/4¢ per bu higher.

Oats and rye were strong. Most people believe now that corn ceilings must be raised, and this is creating a friendly sentiment in all pits.

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CHICAGO March 22, 1943.

It had been known for some time that rationing would soon become operative for butter, fats, and the various edible oils, but the speed with which OPA acted came as somewhat of a surprise. The way conditions now stand, retail sales have been suspended for a week, which also includes the distribution of cooking and salad oils. After March 29th, consumers will be able to make purchases again by using their ration cards. There is little question in our minds that bread will become less palatable when the bulk of the butter is needed by most families for cooking purposes; therefore, we may have to prepare for a somewhat smaller domestic consumption than heretofore. On the other hand, the government has found many further uses for wheat, and while there is a slight delay in the feed wheat program, it is almost an assured fact that the CCC will soon be able to sell an additional 100 million bu of its stocks at less than wheat parity, so that our domestic consumption will still be very great.

When our market opened, prices were steady, despite the fact that the carryover feeling from Saturday was somewhat pessimistic. The trade felt that legislative matters might have spent their force for the time being, and even the Pace Bill, which had been rushed hurriedly through the House, failed to draw much enthusiasm, for the reason that there is still a good chance that the President may veto such legislation even if the Senate should act favorably.

At the moment wheat redemptions in all parts of the country are almost nil, but as an offset, the milling demand is also slow; therefore, hardly any hedges are being taken out of the pit. As the government orders out wheat from the different elevators, apparently for the manufacture of alcohol, empty space is created, but most concerns are filling up readily; yet the cash market during the past week was very quiet, and the basis for No. 2 hard wheat was about unchanged, while red wheat showed declines of about 2 to 3¢ a bu. Receipts still keep up at a good pace, but undoubtedly this movement started at a time when farmers were receiving better prices and could, therefore, redeem loan wheat to better advantage. Few people are enthusiastic on the short side of the market, so long as inflationary tendencies continue.

Our national debt is rising at the monthly rate of about $6 billion, which adds an approximately equal amount every month to the volume of purchasing power hanging over the markets. With the usual lag, inflationary psychology is spreading. It cannot be overlooked that our incomes are rising with the tide of the public debt, and the more deficit we make, the more national income we are bound to have. After all, the debt which was accumulated in previous years always stays with us as actual or potential purchasing power. More and more of it tends to enter the income stream, which then is multiplied by its velocity of circulation. It is very doubtful whether political curbs will be sufficient to finally prevent ahigher spiral of prices unless we correct the disease at its source.

Carlot receipts were heavy everywhere, and the primary movement amounted to 2,505,000 bu compared with 3,127,000 bu last week, and 669,000 bu last year. When the visible supply was posted it showed a decrease of only 67,000 bu of wheat. Total stocks in all positions amount to 173 1/2 million bu or nearly 27 million bu less than a year ago. At Chicago there was about a standoff, with 5,380,000 bu here.

The trade was very moderate, and until there is some improvement in the milling demand, there may not be much inspiration on the constructive side of the market. Even today, when Winnipeg prices were very strong, our market was reactionary, but of course, they are still at tremendous discounts under us, particularly taking into account the 10% differential of the Canadian dollar. There are some crop scares starting, and probably more will be heard as the season progresses. In much of the Ohio Valley, the winter wheat is now irregular, and many fields show a poor prospect, especially in the east and south portions of this district. In Texas, progress has been fairly good in the northeast, but rather poor in the northwest, while it was only fair in Oklahoma because of low temperatures and lack of moisture. However, the plants are well rooted, and still maintaining fairly good to good condition. Kansas prospects are unchanged, except that there will be some loss of acreage from winter killing.

At the last, prices were about 1/2¢ per bu lower.

Oats and rye were down in sympathy with the leading cereal, and there was not much activity.

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CHICAGO MERCANTILE EX.

CHICAGO March 23, 1943

There have been so many references made to parity price and its computation that a partial analysis here might not be in vain. The supporters of the Pace Bill, which had the approval of the Senate gricultural Committee, contend that the revision of the parity formula would help farmers to compete with industrial producers and labor. They also argue that it is only fair to include the value of the farmer's labor and that of his family when figuring parity. Some opposition has arisen on the grounds that it would disorganize the stabilization program, and would give Lewis an argument for upsetting the little steel formula. As we see it, the present formula for computing parity is using the base period price multiplied by the index figure for a given month. Going a little further, the index figure is an attempt to measure as accurately as possible the over-all changes that occur in the level of prices charged farmers for commodities which they commonly buy and use. In other words, labor costs are already included in these calculations. Taking the base period of 1909-14 as the index figure of 100, and pricing the whole list of 174 items which the farmer buys, including those articles which he commonly uses during a given period, we find that on February 15th, the total value was 160% of the total value of the same items during the base period, 1909-14.

Professor Schultz of Iowa State College asks the question: "How close would parity come to doing the production job that we have outlined as necessary for 1943?" He then answers it himself by saying, "It would miss the mark completely. It would hold severely in check those foods needed most urgently; it would expand others having a low wartime rating. It would cause wheat to be hoarded, food to be stored, livestock to be curtailed, oil crops to be cut...

"Parity calculated in terms of some past period simply means being backward. It means using the dead hand of the past to tell us what to produce next year. Instead, food production should be shaped by present needs and by needs to come. Farm prices, accordingly, should be forward looking; they should be related to what is required. No past price structure, however, recent, can meet that test."

When our market opened this morning, prices were firm in all pits. There was virtually no news, although the CCC late yesterday disclosed that 45 1/2 million bu of wheat had been redeemed from this season's impoundings. This means that 360 million bu is still under lock. However, the tabulation suggests that 9 1/2 million bu was unfrozen during the week, and apparently these redemptions occurred at a time when it was more profitable for the farmer to pay off his loan. In recent sessions, most elevator men have commented on the ease with which they were able to make purchases of cash wheat, and it is now readily understood why they could operate with comparative freedom, since a fair proportion of wheat has been returned to normal channels. In our opinion, it will require a somewhat higher price to bring out further redemptions, but possibly this will be afforded during the crop-scare period, if there is any adverse news from the growing sections.

Primary receipts were quite heavy again at 1,847,000 bu, compared with 1,551,000 bu last week, and 779,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 321,000 bu.

The milling demand was still very dull, and there was no encouragement from that source, but some dry reports from parts of the Southwest, where at least surface moisture is deficient, caused a little more attention, and at the last wheat prices were about 1/4 to 1/2¢ per bu higher.

Oats and rye were reasonably strong, and there was no particular issue in these cereal, except that some people are buying oats on the theory that imports from Canada may be smaller than indicated. Until we can tell how many boats will be available for lake grain transportation, or what the Canadian government may do with respect to higher ceilings, there will continue to be some uncertainties.

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CHICAGO MERCANTILE EX.

CHICAGO March 24, 1943.

While food and point rationing is probably as widely discussed now as the war itself, it is interesting to note that on March 1st, farmers in this country were planning increases over their 1942 acreage of beans, oil seeds, corn, and various other crops to meet war production goals. It seems more than likely now that total crop acreages as a result will be increased to above that of last year. This will occur, despite certain labor difficulties, and reports from all parts of the country, according to the last government report, indicate a strong effort to increase production, notwithstanding difficulties. It is, of course, fantastic, to have any definite idea of the final results this early, although it is safe to say that present conditions appear generally favorable except for a shortage of sufficient moisture in parts of the Southwest. Therefore, crop losses next summer are likely to be moderate, and the total acreage of crops harvested may easily be the greatest since 1932.

Some wheat has been purchased in recent days due to dry reports, chiefly from Texas and Oklahoma. There was some overnight moisture at Dallas, Fort Worth, and Enid, and it would not take much rain to bring about relief. We are extremely sorry that we shall be unable to forecast any changes in the weather owing to governmental restrictions, since it is deemed inadvisable to furnish any information which might benefit the enemy; but we shall be able to report any changes after they have occurred. Consequently, our letters will depart somewhat from precedent in that we cannot tell of any indicated changes ahead of time, even though they may be reported officially at the various weather stations. Winter wheat was seeded last fall under favorable conditions, and is now emerging from winter hazards in reasonably good condition. It is true that temperatures were unusually severe, but there had been a good protective snow cover when most of the cold spells occurred. In the area from central Kansas southwestward, the fall rain and winter snow were insufficient to maintain surface moisture supplies, and there was evidence of depletion of subsoil moisture, causing apprehension that has not yet been removed by adequate rain. This, naturally will be a factor until relief is afforded, but of more importance is legislative news to the effect that the Bankhead-Steagall Bill has a good chance of enactment. While it is not definitely known what the President's attitude may be, there is possibly enough support to assure its passage even over a veto.

Today's market responded to the belief that parity prices would be more of an influence if this legislation were passed, and that finally corn ceilings would have to be raised as a consequence. In wheat, however, one must always bear in mind that sharp advances would bring about a resumption of redemptions. In slightly over a month, farmers who have loans on warehouse wheat will either have to pay off their obligations or default, and it is apparent that with 45 1/2 million bu already unfrozen from the original amount impounded, there must be a definite desire to take whatever extra profit is afforded. Furthermore, producers who have loans on farm-stored wheat may be needing their space, and it is altogether likely that they also will want to clear their obligations even though they have an extra year in which to act.

Wars always bring about great changes. Britain, which in peacetime imported about half the wheat purchased by Europe each year, has now become the sixth largest wheat producing country on the European Continent. With an additional 600,000 acres likely to be sown for the 1943 crop, given good weather, her requirements may be further reduced next year.

Primary receipts were 1,555,000 bu compared with 629,000 bu last week, and 467,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 418,000 bu.

Trade was very moderate, but prices were firm due to pending legislation. Advances amounted to 1/2¢ per bu for the various futures.

Rye and oats were also higher for the same reason, while corn remained at the ceiling price bid, although some changes between various trading months took place.

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CHICAGO MERCANTILE EX.

CHICAGO March 25, 1943

The function of any market is to fix a price which will coordinate production and consumption. The economist has always referred to this as an "equilibrium" price, or a fair price. When a market is free, open, and competitive, it makes the automatic adjustment of production to consumption. It takes into consideration not merely supply, with its underlying cost of production, but also, demand, which cannot be ignored in price matters. In corn, we have a very strange anomaly. The largest crop in the history of the country was harvested last fall, and yet many of our big industries supplying war necessities have practically been threatened with a shutdown unless they can get corn to carry on their operations. With hog prices supported by a floor, and feeding operations very profitable, there has not been sufficient grain moving to market, particularly since the corn ceiling was promulgated by the government. As a result emergency action was taken yesterday, and the OPA authorized the Commodity Credit Corporation to sell from its own stocks, at about 8¢ above the ceiling level, corn which had been accumulated. Thus they virtually created a "black market," since they themselves were the sole seller of corn at prices higher than the established rate. It rather demonstrates that when the laws of supply and demand are set aside, great distortions are bound to set in. In the past we have always had orderly marketing, by reason of the fact that prices fluctuated to a point at which the whole crop was able to move into consumption without a shortage, and yet without an excessive carryover.

The trade was of the opinion that since the government holdings had been reduced to rather small proportions, other measures might follow, and probably the farmer himself would lament the fact that he could not obtain as much money as the governmental agency.

First prices for wheat, rye and oats were firm, but later on some selling came into the various pits, when an Associated Press dispatch from Washington stated that the President was planning a new administrative agency to handle wartime food production and distribution, as well as price problems. Later on, there was an official announcement that Chester C. Davis would head this new food agency in the Agricultural Department. He will apparently have charge of food production and distribution activities, as well as the procurement of farm labor, which was recently transferred to the Agricultural Department by the War Manpower Commission.

Other news did not count for much, but the milling demand continued dull, and apparently buyers anticipated their requirements rather heavily a few weeks ago. On the supposition that a moderate advance in wheat would bring out heavier redemptions again, those playing the constructive side of the market have been cautious. In some of the larger wheat-growing states, quite a little grain has already been unfrozen. For example, Kansas, nearly 8 1/2 million bu; Montana, 5 1/2 million bu; Washington, over 6 million bu; Oklahoma, nearly 3 million bu; and North Dakota, 3 1/2 million bu. Some moisture occurred overnight, and while there was considerable rainfall in central and eastern sections of Texas, only a few light showers fell in Oklahoma and the extreme eastern part of Kansas; the western portions of the Southwest had very little precipitation.

Primary receipts were again heavy at 1,891,000 bu compared with 1,498,000 last week and 525,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 427,000 bu.

The trade was naturally confused, but there was less assurance that either the Bankhead or the Pace Bill would receive Presidential sanction, and this resulted in considerable liquidation in wheat, which spread to other grains. Final prices were 1 1/4¢ a bu lower.

Rye was quite vulnerable, as this cereal has been accumulated for many weeks, and apparently there were not the supporting orders when longs tried to even-up commitments. As a result, there was quite a sharp break, and the reaction may continue still further.

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CHICAGO MERCANTILE EX.

CHICAGO March 26, 1943.

Yesterday's sharp declines caused some concern as to what the future agricultural policies might lead to. Nobody knows definitely just what the status of Mr. Davis will be, or what the policies of his office will embrace. The President, at his press conference, said that "the authority of Mr . Davis extends to farm prices." However, he pointed out that "prices are primarily the concern of OPA," indicating that the two agencies would have to work together. It had been known for some time that with great confusion in the food program, the division of powers was leading to waste and indecision, and it is to be hoped that under the new authority, confidence will be restored and that the all-important wartime requirements will be improved under this assignment. During the past few days, many of the industries grinding corn have been compelled to obtain their supplies from the government. The price was about 8¢ above the ceiling, but rather than close down their plants, they were willing to pay this price, owing to the fact that practically nothing was being offered by producers. Unless present ceiling levels are raised, we can see only one alternative: namely, that the government will commandeer supplies from farmers, so that the industries can be kept going, but this would be a rather drastic step, and we rather feel that seizure will not be attempted except as a last resort. Nevertheless, a food administrator would no doubt have this power if he intended to use it. The whole situation is extremely complicated.

Canada will carry over tremendous quantities of oats and barley. These feeds could be imported if we had the will and the desire to do so. Canada will also carry over a tremendous quantity of wheat, having started last August with a crop and carryover of 1,016 million bu. In thirty-three weeks, exports have amounted to only 108 million bu. At this rate, they would amount to only 170 million bu for the entire year. Never before in history has Canada had such a tremendous reserve stock. In peacetime, it would be almost untenable. Whether we shall finally permit larger imports of wheat into this country remains to be seen. The very small quota which now exists precludes any chance of bringing their grain into our country even after the full payment of the import tariff.

When our market opened, there was a considerable amount of liquidation in the various pits, but most of it came into rye, as this market had been quite vulnerable and people all over the country were long, so that the open interest has been comparatively large as speculation goes today. After reading the remarks of Prentiss M. Brown, head of the OPA, yesterday, there was fear that both agricultural bills now pending in Congress might be vetoed. At present price levels, very little wheat is coming out of the loan. An advance of several cents a bushel would change this situation, but at the moment, there is not much pressure, despite comparatively heavy receipts, and after an early decline, prices rallied.

Primary receipts amounted to 1,675,000 bu compared with 1,152,000 bu last week, and only 475,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 391,000 bu. When the visible supply is posted on Monday it should not show much of a decrease --a year ago there was a shrinkage of 1 1/4 million bu.

After mid-session buying appeared in all pits, was accelerated and apparently prompted by news that the Senate had accepted the House bill to prohibit ceilings at less than full parity. That measure is now ready to go to the President, and it remains to be seen what disposal will be made of it. With so many political angles, it is naturally difficult to have strong convictions, although markets have a fairly good undertone, and wheat prices at the last were 1/2¢ per bu higher. There were also fairly good recoveries in other pits, where trading was unrestricted.

The carrying charge in rye of nearly 3¢ from May to July is practically a full one, enabling anyone to take delivery and to pay the charges.

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CHICAGO MERCANTILE EX.

March 29, 1943.

The Commodity Credit Corporation announced late Saturday that it had ordered its offices to stop selling corn. This order evidently followed protests throughout the country against government agencies selling to processors at prices above the ceiling, and higher than those at which private sellers of corn could consummate sales. The program of controlling feed grains and foods is, indeed, a very difficult and complicated one. All foods are more or less correlated, and in the days prior to the war under free enterprise, shortages or surpluses in any particular food were quickly corrected by price differentials. As far as grains were concerned, through the operation of open markets and orderly marketing, these corrections were easily made with the least amount of disruption to the producer or the consumer. The present program of offering 100 million bu additional wheat for feed is causing further distortions, as feed wheat is available in the East at practically the same price as in Chicago. Considering freight, this is a rather unusual situation, and will no doubt lead to considerable dislocation of markets for manufactured feed for both livestock and poultry. It gives the Eastern interests a decided advantage over manufacturers in the Chicago area.

The Office of War Information of the Department of Agriculture released some rather interesting figures on the food situation in England. The campaign for expanding and converting British agriculture still continues, and the acreage under cultivation in the United Kingdom has been increased from less than 13 million acres in 1938 to approximately 17,500,000 in 1942; a further increase is scheduled for 1943. Shipping remains the major problem, and despite a decline of 8 million tons in the annual imports of feedstuffs, milk production has been increased. This saving has undoubtedly been due to greater use of dehydrated foods and concentrates. The Department points out that the increase in the domestic wheat production in Great Britain and the conversion of its use from food for animals to human uses alone have resulted in the saving of some million tons of shipping space in the past year. To get some idea of what 8 million tons mean, prior to the outbreak of the war, the United Kingdom imported annually approximately 125 million bu of corn, 50 million bu barley, and 10 million bu oats, which when translated into tons would amount to about 5 million.

Very little precipitation was reported over the week-end with the exception of the extreme northeastern part of Kansas. While there is no urgency at the moment, some moisture would be welcomed in the western third of the belt to alleviate any feeling of concern. According to the Department of Agriculture, cold weather in the principal producing section prevented much development of the wheat plant. While rains or snows had occurred in other sections, moisture is needed in the Southwest.

Primary receipts were 2,961,000 bu compared with 2,505,000 bu last week, and only 516,000 bu last year. When the visible supply figures were posted, they showed the effect of the large primary movement, with an increase in stocks of 1,228,000 bu against a decrease a year ago of 1,272,000 bu; the visible now stands at 174,815,000 bu, or 24,486,000 bu less than the previous year. Chicago stocks increased 381,000 bu, and now total 5,761,000 bu.

There was no grain news over the week-end. Interest is still centered on Washington, awaiting presidential action on the Bankhead Bill, and there seems to be quite a divergence of opinion among commentators from Washington as to the final outcome, but the grain trade is rather inclined to the view that the overwhelming majority vote in both houses would indicate an overriding vote if the Chief Executive should use his power to veto the bill. In past years it had been the desire of the administration to get the farmer's products up to parity, and if this objective were attained through actual prices rather than subsidies and benefit payments, a healthier condition would exist for the producer as well as the private enterprise.

As represented by the primary receipts, country shipments are rather heavy, the Northwest having over 1,100 cars, while Kansas City received 428 cars, and this in spite of a decline in the market. Trading was of light proportions. The milling demand was also light. At the close May and July wheat were 1/4¢ per bu lower.

There was also very little interest expressed in any of the coarse grain pits, with fluctuations within rather narrow ranges. With the opening of navigation drawing closer, it remains to be seen whether any Canadian imports of either oats or rye will be drawn into this market.

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CHICAGO March 30, 1943.

As wheat emerges from the dormant stage and the growing season is on, the development of the crop will be watched this year with more than the usual interest, because the final outturn will be the determining factor of the future price level. Since 1938, the carryover in each successive year has increased --from 153 million bu in 1938, reaching 633 million on July 1, 1942. Depending on the amount of wheat to be fed from the last 100 million bu released by the government, it would appear as though the carryover on July 1, 1943, may be between 600 to 650 million bu; in other words, about the same as last year, or possibly slightly lower. During the crop-movement period of the past five years, when the producer could elect whether to sell his wheat or apply for a loan, futures prices have ranged considerably below the loan level, varying from 14¢ to almost 20¢ under. Naturally, under these conditions, much of the wheat found its way into government loan. While parity prices have not as yet been released by the Department of Agriculture, as of March 15th, the farm parity price for wheat on February 15th was 141.4, and might possibly stand at $1.45 for March 15th. Figuring loans at 85% of parity would make the loan value on the farm 121.5, or with the usual 18¢ differential, the basis of the Chicago loan would be $1.39 1/2, against the present price for July wheat in Chicago of about $1.45. If one figures the value of the farm loan, there must be added an allowance of 7¢ for storage, making the total loan value on the farm to the producer $1.28 1/2, and using the 18¢ differential to Chicago would be equivalent to $1.46 1/2. Therefore, it would appear at present levels that it is pretty much in balance whether the farmer should sell his new crop or apply for the government loan, and much, therefore, will depend on the size of the crop.

According to a Washington dispatch, it is stated that every United Nation in the near future will gather at a long-range conference on utilizing and distributing the world's food resources, and that the participants will strive at this meeting to lay the first stone in the foundation for a fixed world food and agricultural program. No intimation has yet been made as to who will be represented at the meeting, but it may be timely to quote some excerpts from Broomhall's recent Liverpool letter commenting on schemes and postwar reconstruction. We quote in part, "From many points of view, we deplore the fact that, among the numerous schemes for post-war reconstruction, which have already appeared, or are in course of preparation, there is no plan for the wheat industry which has the sanction of the trade itself. As a fact, we know of no plan on which the grain trade has even been consulted. There have been plans by doctors and professors, by the Royal Agricultural Society, by a group of British Peers and even one by an Hungarian diplomat, but in none of these have we found much that is economically wise or practicable... So far as we are aware, none of the planners, such as, for example, the International Wheat Committee, has shown much interest in trade views. They prefer to go ahead and plan the future of the international wheat industry as if there were no trade to be considered." He further states, "The international planners are treating the grain trade as if it were condemned property which must be pulled down to make room for their own grandiose edifice." He also comments, "We have yet to hear of any group of international wheat planners who have brought to the problem an open mind and a determination to produce a plan in collaboration with the existing grain trade, to work it through the trade and to preserve, wherever possible, the best features of the open market system of trading."

Primary receipts totaled 1,486,000 bu compared with 1,847,000 bu last week, and only 436,000 bu last year. So far this week stocks at Kansas City and Minneapolis show an increase of 104,000 bu.

There was very little grain news today. The trade seems to be waiting further developments in Washington. Some expression is being given to the continued dry weather in the Southwest, although the situation is in no way critical. At the close May and July wheat were 1/2¢ per bu higher.

Oats and rye were subject to some liquidation during the session, but both cereals seem to find support on breaks.

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CHICAGO March 31, 1943.

After the close of the market yesterday, the U. S. Department of Agriculture announced parity prices as of March 15th. Wheat was raised to 142.3¢, an advance of about 1¢ during the thirty-day period, and the parity price is now approximately 10¢ higher than on March 15, 1942. However, in analyzing parity prices against farm prices on March 15th, there are some great disparities, particularly in the case of corn and hogs. For comparison, we tabulate the figures below:

(As of 3/15/43		Average Farm Price	Parity Price.
Wheat	-	122.7¢	142.3¢
Corn	-	94.8¢	103.4¢
Oats	-	58.4¢	64.2¢
Rye	-	68.9¢	115.9¢
Hogs	-	$ 14.67	$11.70

With the gradual advance of parity prices, and a steady flow of wage increases, it would seem that the inflation forces are at work. Furthermore, according to some early estimates the Nation's March income tax receipts will be at least $2 billion under the budget, indicating a continuation of deficit financing.

Congressional leaders were in conference today with President Roosevelt to discuss food and inflation problems, and press releases indicate that the stabilization advisors are urging the Chief Executive to veto the Bankhead measure, although farm interests are pressing just as hard for the President's signature. The bill was not signed by the speaker of the House until yesterday, and it will not reach the President until late today or tomorrow, which means that he has until about April 12th to make his decision. It is well known that the purpose of the Bankhead Bill is merely to prevent the placing of ceilings on agricultural products below full parity, regardless of any benefit payments. It has been the main objective of the agricultural program for many years to advance farm products to full parity. There are many who believe that it would help the morale and the production of the farmer if he were to attain this goal through prices received for his product rather than to be the recipient of subsidies and government payments. According to the most recent information on the Pace Bill, which would actually raise parity prices by additional labor costs, further hearings have been postponed until April 16th.

There have been any inquiries received lately as to the possibility of Canadian shipments to the United States, particularly of oats, barley, and rye. According to information we have, little is known in Winnipeg, and trade is awaiting decision from Ottawa, similar to the way we must look to Washington in this country for much of our news. The Dominion is apparently suffering from a great shortage of freight cars and locomotives, and the facilities are lacking to haul to Fort William for export anywhere near the amount of grain they would like to. Further, Canada experienced an extremely severe winter, so that more grain than normally remains on farms.

The CCC announced that for the week ended March 20th, wheat loan redemptions amounted to 15 million bu, making a total for the season of 59 million bu. The original amount placed under loan was 405 million bu, thus leaving a balance of approximately 346 million bu. Within the next thirty-day period, the farmer must reach a decision as to whether he will redeem or default on loans on his elevator-stored wheat. Therefore, the action of the market will be a great determining factor as to the amount of wheat which will come back into free channels.

Primary receipts were 1,201,000 bu compared with 1,555,000 bu last week, and 310,000 bu last year. So far this week stocks at Kansas City and Minneapolis show an increase of 264,000 bu.

The milling demand remains indifferent, and there is very little evidence of hedges being lifted in the pit, However, most of the mills are comfortably sold ahead at the present time, and undoubtedly from time to time there will have to be some wheat purchased in order to fill commitments. At the moment interest in the market is lagging, and will probably continue to do so until the situation changes either through crop news or developments in Washington. At the close May and July wheat were 1/4¢ per bu higher.

Trade in rye was also rather light; there was more interest expressed in oats, and all pits had a firm undertone.

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CHICAGO April 1, 1943.

Unfortunately, in the United States, whenever there is a sharp advance or decline in grain price, the blame is immediately fastened upon the speculator, regardless of whether the actual condition is brought about by an "act of God," in producing bounteous crops or crop failures, or whether the condition has been brought about through artificial and uneconomic programs, or if world conditions have warranted the price changes. Canada apparently has always had a better understanding of the purpose of organized exchanges, futures trading, and their importance in marketing farmers' products. Some years ago, a Royal Commission, headed by Sir Josiah Stamp, after a very thorough and painstaking investigation completely upheld the system of futures trading. While war has created some extraordinary situations in Canada, it is only recently that at a conference in Ottawa, the Minister of Trade and Commerce declared that charges of profiteering on part of speculators were unfounded, and as the result of the conference, the Winnipeg Grain Exchange will remain open. According to advices which we have received, no action will be taken to attempt to obtain the equivalent of United States wheat prices for Canadian farmers. However, a desire to permit farmers to benefit by higher U. S. prices for coarse grains without raising ceilings, is apparent, and undoubtedly some announcement on this subject is imminent. As to what the procedure will be, is difficult to say. Excessive profits are being impounded, but whether the money will revert to the farmers' pool, is not yet clear. While our Canadian neighbors have embarked upon an ambitious feeding program, according to Sanford, Evans, the total carryover in the three Prairie Provinces on July 1, 1943, of oats, barley, and rye, will be approximately 418 million bu. He estimates that there will be about 273 million bu of oats alone, of which 230 million bu will be on farms, as compared with only 12 million bu on August 1, 1942. The general soil prospects in the provinces are probably better and more promising than for many years in the past. As far as their wheat situation is concerned, export sales for March ran 28 million bu, which outside of April 1942 was probably the largest month in a number of years. However, owing to transportation difficulties, with cars available only about half of what they should be, the farm deliveries have lagged and will have to average 5,600,000 bu weekly for the remaining eighteen weeks, in order that the producers may deliver their full quota of 280 million bu.

In this country, the Santa Fe Railway reports conditions as somewhat mixed. They state that additional moisture is needed in some important winter wheat areas; also, in other areas there is threatened damage by the green bugs and Hessian flies. They further state that some damage has already been experienced in western Kansas, although they conclude with the statement that rains if received soon could materially remedy conditions and result in a sizeable crop.

Primaries today amounted to 1,616,000 bu compared with 1,891,000 last week, and 361,000 bu last year. Stocks at Kansas City and Minneapolis so far this week show an increase of 266,000 bu.

We wish to correct a statement made in yesterday's market letter: namely, that action on the Pace Bill would be delayed until April 16th. This was a stenographic error and should have read April 6th.

The President's attitude toward the Bankhead Bill still remains the open question, although the feeling is growing in some quarters that the Chief Executive may not resort to his veto powers.

Interest in the wheat market is rather dormant, and wheat is deriving its strength from coarse grains. According to one trade publication, the government agencies will be in the market shortly for 85,000 bbls of flour under Lend-Lease to Puerto Rico, and other substantial amounts will be wanted by the government.

At the close, May wheat showed an advance of 1/2¢ per bu, while the July was 5/8¢ up.

Industry is still having difficulty in obtaining corn except from government holdings, which stock must now be down to very small proportions

Oats were strong on possible action in Canada.

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CHICAGO MERCANTILE EX.

CHICAGO April 2, 1943.

While the statistical position of wheat in North America has not changed in some time, political events have naturally had a great influence upon markets, especially the large quantities of wheat which will be fed to livestock in this country, and which will probably place the domestic consumption at close to the one billion bushel mark. Whether we shall finally consume 75 to 80 million bu of wheat for commercial alcohol cannot be definitely stated now. The chances are that some of the grain so processed will be utilized later for livestock feeding owing to the fact that a certain residue is palatable for cattle feeding, but insofar as wheat is concerned it must be taken into consideration as being unfit for human consumption.

With this background the small exports are less of a factor than otherwise, and while in 38 weeks the estimated clearances have been slightly under 15 million bu, we never before consumed so much at home. Having started with a crop and carryover on July 1st of 1,613 million bu, we may finally end the season with a reserve somewhat under the 632 million bu which we had at the start of the season.

The writer just returned from Canada, where from a statistical point of view, the picture might be more worrisome except for the fact that we are in war, and the large available stocks are causing very little concern. In 43 weeks, exports have amounted to only about 105 million bu. Since that country started on August 1st with total supplies of 1,016 million bu, it is quite obvious that they, with a population of only 12 million persons, will probably have a larger reserve at the season's end than we shall carry. The greatest concern on part of Canadian officials and grain men who work in close harmony, is that coarse grains are not going into export channels for United States feed consumption at a greater rate. The main reason for the lag is that Canada probably experienced the most severe winter in 40 years. In addition to the tremendous hauling which war necessities have been called upon to handle, both the car shortage and locomotive power have been a great handicap . Thus the amount of oats and barley which we have received from Canada thus far may have been somewhat under 50 million bu, although greater efforts now will be strained to speed up business between the two countries, particularly with our price level so high in comparison with our northern neighbors.

When our market opened this morning, prices were slightly reactionary, and many people were forecasting that the President would veto the Bankhead Bill on the basis that it was inflationary. Toward mid-session announcement came from Washington that not only had he rejected this legislation, but he gave rather strong arguments that any such move was inconsistent with our stabilization program, and he had, therefore, appealed to Congress not to depart from the policy of permitting farmers to receive just parity income. The Chief Executive asserted that the Bill would go beyond the goal of parity income and give producers an unwarranted bonus at the expense of consumers. After prices had become reasonably weak, there were reactions, and the trade seems to feel that the Senate will probably override the veto, although it is questionable at this time whether similar action may be expected in the House.

Primary receipts were moderate at 1,470,000 bu compared with 1,675,000 bu last week, and a holiday last year. Kansas City and Minneapolis stocks so far this week show a total increase of 403,000 bu. When the visible supply of wheat is posted on Monday, it will compare with a decrease of 926,000 bu a year ago.

Trade was very moderate, despite the President's veto of the Bankhead Bill. Markets, however, showed a fair undertone considering the news. Wheat prices at the last were 3/8¢ per bu lower,

Oats had been subjected to some liquidation, but this market also recovered. The main losses were registered in rye, and the carrying charge seems to be a handicap to bullish operations, owing to the fact that finally holders will be going over to the deferred months at pretty big premiums.

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CHICAGO MERCANTILE EX.

CHICAGO April 5, 1943

With the administration determined to hold inflationary tenencies in check, there is naturally a good deal of talk centering round commodity prices. With the one point rise in the general level hich was paid for the various commodities that farmers purchase in heir ordinary routine, the index on March 15th stood at 163% of the 910-14 level. This is the highest point reported by this index (excluding interest and taxes) since 1920. Commodities used in family aintenance rose two points, bringing this index to 167%, which is 17 oints higher than a year ago. The index of commodities used in production on farms advanced one point to 158%,mainly as the result of increased prices of feeds and seeds, and is now the highest in twentyhree years. With this in mind, it is almost a foregone conclusion hat the Pace Bill, which would take into account labor costs and possily increase parity prices still further, would not receive the approbation of our President, even if Congress should act favorably upon it. n the case of the Bankhead Bill, there is still some speculation as to hether the Presidential veto can be overridden. Many in the trade beieve that if parity income is to be realized by the farmer, a more atisfactory solution would be to have the price reflect full income nstead of the supplementary bounties of various sorts. This would unoubtedly reduce manpower in administering these programs.

At the present time, farmers are very much encouraged over their feeding operations, but this means that very little corn is available for commercial supplies, and even the CCC stocks have been reduced to very small proportions. They have disposed of slightly over 211 milion bu, and thus are not in the same position as a year ago to take care of current grinding needs. The new food administrator is reported o be concerned over next year's production. Advisers to Mr. Davis ant 6 to 10 million more acres of corn than farmers indicate they will lant. Of course, price is one of the chief factors in determining he situation, but unless something is done soon to alleviate the staleate, we doubt whether the increased goals will be reached.

In the meantime, there is not much news in wheat, and consequently, the trade is awaiting new incentives. The weekly government report states that a decidedly favorable aspect of the week's weather as the generous rains that occurred in much of the southwestern wheat elt. This apparently relieved persistently droughty conditions that ad prevailed for a long time. Additional moisture was especially elpful in Oklahoma and Texas, although it is still inadequate in northestern Texas and western Oklahoma. In Kansas, the soil condition is oo dry for wheat in some of the southwestern and central counties, but lsewhere in the State progress is good; fields are beginning to show growth northward to Nebraska.

The main export business continues to be done from Canada, and his will probably remain the case while the war lasts, although a reasonably short way will be open for moving grains and wheat from ustralia to the African areas, or even to England, once the straits etween Sicily and Africa are under our control.

Primary receipts amounted to 1,575,000 bu compared with 2,961,000 ast week and only 689,000 bu last year. When the visible supply was osted, it showed an increase of 340,000 bu, with stocks in all positions slightly over 175 million bu, or, roughly, 23 million bu less han a year ago. Chicago stocks decreased 317,000 bu, leaving less than 1/2 million bu here. This resulted in some firmness in May wheat as compared to the deferred futures, and at the last it was 1/4¢ a bu higher, while July and September were unchanged to a shade lower.

Trade was still very moderate, and until legislative uncertainies are cleared up, rather indifferent markets are to be expected.

May oats were slightly lower, and it seems as though the Canaian Wheat Board will favor shipments of oats and barley from country oints, hoping that by this preference larger shipments to the United tates will be possible. This threat will naturally influence the arket, particularly if boats are available to bring larger supplies to his country after opening of navigation. The visible supply of oats s less than 5 million bu, or about the same as last year at this time.

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CHICAGO MERCANTILE EX.

CHICAGO April 6, 1943.

After the close of the market yesterday, the CCC announced its figures on wheat redemptions, and these amounted to nearly 76 million bu, which when analyzed disclose the fact that there is still 330 million bu tied up from the 1942 crop year, inasmuch as there was 406 million bu frozen at the peak of accumulations. It is reasonable to suppose that of the quantities to which the government gained title from previous years, probably another 100 million bu will be disposed of for animal feeding. This would leave about 50 million bu still under their domination, or in other words, a total of about 380 million bu at this time, which is not included in commercial supplies. Our estimate is that the carryover next July will amount to 600 million bu, or possibly a little more; thus there should easily be 200 to 220 million bu free wheat on hand-- maybe, a greater quantity if redemptions increase from this date forward.

The situation as it has now developed is not quite so bullish as heretofore. The reserve stock in the hands of the trade will be close to normal, and if we should then raise a normal crop on the reduced acreage, there might be a considerable quantity of wheat that would not be placed under the loan if prices are maintained at these levels. When parity was last computed, as of March 15th, it stood at 142.3¢. Of course, it might still advance between now and May 15th, but on the assumption that no change takes place, the loan would be placed on 85% of this amount, or, roughly, $1.21 on the farm. In previous years, the Chicago price was 18¢ a bu higher, including freight and other items. This would make the loan price in Chicago approximately $1.39. In view of the fact that July wheat is now selling for $1.43 1/2, this is the first time in many years that the market relationship has been so favorable to the loan; consequently, we might be called upon to absorb more hedges than in the past. All this may have had a slightly bearish influence today, although the early selling was largely local, and not in any big volume. However, the support was equally poor, and with hardly any milling demand, stop-loss orders were uncovered, so that there were sharp breaks in the various pits, particularly in September wheat, where prices eased off nearly 3¢ a bu.

News from Washington was to the effect that the Bankhead Bill might even have a difficult chance in the Senate in passing over the Presidential veto. This caused some discouragement, at least by those who had felt that government subsidies should not be deducted before determination of parity prices of farm products. Apparently word had gone around to uphold the Chief Executive's views in order to prevent inflation. The Farm Bloc apparently has split on the issue, with quite a number of Senators prepared to vote against the Bill, which they had supported earlier. There was very little other news. Statistics did not count for much.

Primary receipts were quite large at 1,968,000 bu compared with 1,486,000 bu last week, and only 540,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 36,000 bu.

Final prices, which rallied somewhat from the low point of the day, nevertheless showed a decline of 1 1/4¢ per bu for the May future, while the July was off 2¢ per bu. Comparative strength in the nearby delivery shows that there are still uncertainties as to whether tenders will be made on the first of the month.

In rye, the market was also weak, and this cereal has been accumulated by many during a period of months. The open interest is large, at 43 million bu, or approximately 7 million bu more than is open in wheat. Those who made purchases apparently believed that rye had merit compared to other cereals, and that when the war ended, the export demand might increase. If there should be liquidation now, we believe that new buyers would be rather difficult to find; this cereal, therefore, is vulnerable, as we view it.

Oats were also lower in sympathy with the other grains, but held reasonably well considering the weakness in wheat and in rye.

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CHICAGO MERCANTILE EX.

CHICAGO April 7, 1943.

The carryover feeling from yesterday was somewhat bearish. Trade on the whole was surprised that the Bankhead Bill, after receiving an affirmative vote of 78 to 2 in the Senate, should have been returned to that body with so little apparent support on the re-hearing. Proponents of this legislation were undoubtedly not very convincing in their arguments to override the veto, and at the conclusion of their remarks, Senator Bailey of North Carolina spoke very forcefully in support of President Roosevelt's veto message. As the matter now stands, there is an attempt to send the bill back to the Senate Committee on Agriculture rather than allowing a vote to be taken on the question at this time. The strategy behind this move is apparently to hold the question in abeyance until it is seen whether the demands of labor leaders are settled by the War Labor Board or other governmental agencies. Should labor receive any appreciable or substantial adjustment upward in wages, then the Senate Agricultural Committee could report out the matter of overriding the veto.

With such uncertainties from Washington, it was hardly surprising that further liquidating orders would come into the pits, and they even entered into corn, where for many weeks great stability had been shown. All three futures were at the ceiling price, with scarcely any trades taking place except on an arbitrage basis, but this morning enough selling in the September delivery forced that future down about 3/4¢ a bu before confidence was restored. There was also some news from Canada to the effect that an equalization fee was being considered whereby Canadian producers of coarse grains would benefit from the higher prices which are obtaining in this country. In other words, when exports of oats or barley were accomplished, the plan in effect was to give Canadian farmers the benefit of the higher market on that portion of grain which was exported. Putting it another way, they would receive not only the ceiling price on that portion of their sales disposed of in the domestic market, but the extra profits that might be realized through United States shipments. Trade Minister MacKinnon said that the government was determined that the full advantage of export markets would thus be shared by growers who marketed their surplus grains. This had a somewhat bearish influence for a time on our oat market, but there was not a great volume of selling, and with the favorable feeding ratio, price recessions were moderate.

There was some buying in wheat by those who are impressed by dry weather reports in various parts of our Southwest. With the advent of growing weather in many localities, it is apparent that a considerable amount of winter killing is in evidence, and also, some injury has been sustained by the plant because of high winds and drifting soil. It is probably too early to feel that this could not be corrected through adequate precipitation within the next few weeks, but nevertheless it is a factor which will now be carefully watched.

Flour business remained draggy, and just a little activity was reported, but on the other hand, redemptions were also light, and with the recent decline in price levels, new pressure is exceedingly light.

Primary receipts were reasonably large again at 1,468,000 bu; this compared with 1,201,000 bu last week and 340,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 45,000 bu.

After early weakness, the market showed a steadier tone, and with the various state reports, such as Kansas, Texas, Oklahoma, and Nebraska, claiming that soil moisture was depleted, there seemed to be a little better sentiment generally, with the result that final prices for May wheat were 1/8¢ per bu lower, while the July future was up 1/4¢.

At the last all three corn futures were again at the ceiling levels, This had a firming influence on oats, which also rallied, and closed higher. Rye continues to find friends, and despite yesterday's break, the open interest increased about 400,000 bu. Today's action was mostly in sympathy with the leading cereal.

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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO

April 8, 1943.

The most important grain news overnight was the unexpected precipitation reported in the Southwest, which was quite general. There is no question that it had been getting very dry over wide areas, and the trade was fully aware of this situation, but whether they are getting the various reports of rain is another question, due to censorship. We are permitted to report the moisture of the past, and accordingly call attention to the good soaking rains which occurred over a large part of the Texas Panhandle, as these will naturally be very beneficial to wheat. At Plainview, for instance, an inch of rain fell; the same at Tulia, while Vega reported 1 1/2 inches, and a little more at Clayton, New Mexico. The western part of Kansas was also benefited, with Garden City reporting 2.68 inches, and in addition to that, there was one inch at Tribune, Hickok, and very good rain through Baca County in Colorado. The reason we have stressed this so much is because crop conditions will become paramount as time goes on.

On basis of a carryover of free wheat, which we estimate at 200 to 220 million bu at this time, varying somewhat on basis of future redemptions, there will be nearly as much wheat in the hands of the trade as in normal years. Close to 400 million bu may remain under government domination, which would be sufficient to take care of all extra feeding operations, and would even suffice for the manufacture of alcohol. However, 200 million bu of free wheat would not last very long, and it would naturally require a fair movement during harvest time to take care of all demands. Should the price of July wheat remain higher than the next loan, the situation would be favorable for the trade, and it would be quite different from the corn picture at the present time, inasmuch as commercial interests are not in position to get their needed supplies. While hog prices and those of cattle have been well maintained, the ceiling on corn is now responsible for a hog ratio of 15.6, which is about the same as it was the previous week, but less favorable than a year ago at the same time, when it amounted to 16.5. There is naturally much concern with the Bankhead Bill being at least temporarily shelved, as to how the government will solve the present stalemate. Obviously, with so little corn moving to market, some industries may be forced to close down unless there is relief. There are also feeders in various parts of the country who do not ordinarily raise enough for their own requirements, but even they are greatly handicapped owing to the fact that with the ceiling, it prevents them from making purchases from their neighbors or in the open market, and yet as each day goes by, the strain becomes worse. The government holdings are close to exhaustion, and in some places the CCC has even sold larger quantities then they had on hand. Finally it may become necessary for the government to actually seize supplies or force farmers to dispossess themselves of a percentage of their crop. This would naturally be distasteful, but yet it appears as a possibility if price advances are forbidden.

With two-thirds of the season gone by, our wheat and flour exports amount to 15 1/2 million bu. Canada, in thirty-five weeks, has shipped 122 million bu from its shores, and this is not a very large quantity considering that supplies at the beginning of the season stood at 1,016 million bu.

Primary receipts were 1,402,000 bu, which was a little less than last week, and compares with 325,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 60,000 bu.

Another unexpected feature today was the break of more than 5¢ per bu in Winnipeg wheat prices. Apparently, with all the selling by the Wheat Board in recent days, the market had become badly overbought. There was also a recession in Winnipeg barley, with prices selling under the ceiling level for the first time in many weeks. There was some trade also in Winnipeg oats, although ceiling levels were maintained. This might be some influence here. Our wheat prices were finally 1¢ per bu lower. Of course, the weather also had something to do with the selling.

Rye, after early strength, weakened, but the open interest remains very large.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO April 9, 1943.

Late yesterday President Roosevelt froze prices that would affect labor and commodities, and this was probably one of the most drastic steps which has been taken during his administration. He stated frankly, under the executive order which he signed, that he decided to "hold the line," inasmuch as we could not tolerate further increases in prices affecting the cost of living, or further increases in general wage or salary rates except where clearly necessary to correct substandard living conditions. As we interpret this order, the Price Administrator and the Food Administrator would be in position to take immediate steps to place ceiling prices on all commodities which would affect the living costs. This will naturally have a restraining influence on anyone who has otherwise been bullish. However, looking at it objectively, it cannot be stated for sure whether ceiling prices can be adopted except as the law provides or is interpreted. There are, of course, many commodities which are selling considerably above parity and neither President Roosevelt nor Mr. Byrnes has stated definitely what might be done in connection with those articles. We have in mind such things as livestock, where hogs, for instance, are selling at a very favorable ratio compared with feeds, and yet if the price is forced down, it is also a ticklish situation when we are at war and when the administration is most desirous of having meat production fully maintained.

Nevertheless, when our market opened, there were recessions in practically all of the pits. Wheat was also influenced by fine moisture which occurred in the Southwest, over an inch of rain being reported in some places. September corn, which two days ago had sold under ceiling levels but recovered, was again under liquidating pressure today, but the May and July deliveries were firm. It seems that until the farmer is definitely told that no further price advances are to be expected, he is selling his cash corn on a very moderate scale.

With so many artificial influences right at home, the trade is paying very little attention to international news, which ordinarily would be a factor. There have been rains in the Argentine, which came too late to help the corn crop, but at least they facilitated early wheat seeding and soil preparations. Wheat and flour shipments from that country remain small, with only a little more than one million bu placed afloat last week, and the exportable surplus is estimated by Broomhall at 256 1/2 million bu, of which 55 million bu is in store in the chief ports and could be diverted into exporting channels if shipping facilities were possible. In Australia field work is well under way, with moisture conditions generally favorable. It does not appear yet as though any of the large surplus countries were willing to give up their rights to export after peace is declared, and from present crop indications, normal yields are possible based on present conditions.

Primary receipts are reasonably good for this time of the year, and today amounted to 1,344,000 bu compared with 1,470,000 bu last week, and 470,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 185,000 bu. When the visible supply is posted on Monday, it will compare with a shrinkage a year ago of 1,362,000 bu.

After considerable confusion as to how the new economic directive would affect grain prices, some buying came into the market, particularly when Mr. Prentiss Brown, of the OPA, declared that no ceilings would be ordered for commodities which have not yet reached parity levels. This was stated when he elaborated on the two major farm crops, wheat and cotton, and stated that this exception was in accordance with the provision of the Emergency Price Control Act which was amended last October. It probably will be some time yet before the trade can fully evaluate results of this planning. For that reason it is not easy to have definite convictions, even assuming that one might guess reasonably well the size of coming crops. Last prices were 1 1/8¢ lower.

Corn, as stated above, held at the ceiling level for May and July futures, but there was a fair trade in the September delivery.

Rye was quite weak early in the day, but recovered part of the loss. Ceiling prices in Winnipeg may be raised or eliminated, according to private advices, and if trading up there is resumed exports to this country may be possible.

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CHICAGO MERCANTILE EX.

April 12, 1943.

After the close of the market on Saturday, Mr. Davis, the new Food Administrator, authorized an advance of 5¢ a bu in the price of yellow corn in the corn belt areas, but up to this writing, there has been no interpretation yet by OPA, and we do not expect anything until about Wednesday. From indications there will probably be no provision whatsoever for adding on carrying charges to futures contracts. Therefore, the authorized price for May, July, and September deliveries will probably all be the same. However, this is subject to change as new advices are received from Washington. It is hardly a week now since the Bankhead Bill was vetoed. One of its purposes was to permit a better relationship between corn and hog prices, but as we view the picture, the contemplated changes will not aid much in this direction. The average farm prices for hogs in this country stood at $14.67 on March 15th, while on the same date parity price for hogs was $11.70. There had previously been a floor placed under hog prices at $13.25. Without any apparent demand for an increase, it was also announced last Saturday that the floor had been raised to $13.75, but apparently no ceiling is being considered at this time. Thus, even with the fight on inflation, it appears likely that the first two steps which had been taken since the President's veto were in the direction of higher rather than lower prices. It is also indicated now that if a ceiling is invoked for cotton, it may not be lower than 110% of parity; consequently, southern planters may benefit to that extent, while, in the corn belt prices will hardly be permitted to reach the parity level, even with the recent advance which has been authorized.

About the only news over the week-end actually pertaining to grain was the weather, and this had been eminently satisfactory, since generous rainfall had occurred since Saturday morning over the southwest wheat belt, with the exception of extreme southwest Kansas, and the western portion of the Texas Panhandle. Precipitation was especially heavy at Concordia, Kansas, where over 1 1/2 inches of rain was registered over the week-end, and nearly two inches at Norton and Salina; Wichita reported slightly over an inch, and the drought has been definitely broken in plenty of time. This, of course, does not mean that the wheat crop is made, but it is certainly a great improvement over conditions which prevailed a week or two ago. Advices from the Northwest indicate that planting is being accomplished in higher ground, but that there are considerable areas still too wet for farm work. General progress has been good over all the Northwest with the exception of the Red River Valley and a few other late spots, particularly northeastern Montana. With an abundance of moisture, the crop should be getting off to a good start. One grain man, who had covered a considerable amount of territory, wrote us that they were having wonderful weather now and that he hoped it might continue for another ten days. The winter wheat prospects up there were not too good, but in some territories where it was badly damaged, it would, of course, be reseeded to spring wheat.

Primary receipts were quite large at 1,725,000 bu compared with 1,575,000 bu last week, and 589,000 bu last year. When the visible supply was posted it showed a decrease of 1,131,000 bu; this leaves total stocks in all positions at about 174 million bu, or roughly 23 million bu less than a year ago. At Chicago there was a decrease of 185,000 bu, still leaving 5 1/4 million bu at this point.

The CCC disclosed the fact that 85 million bu of wheat had been redeemed from the 1942 crop. Considering that 406 million bu was impounded at the peak, there still remains 321 million bu frozen, but the interesting fact is that so much has come back into free channels. Finally our market was unable to fully maintain the early gains, weather probably also having been an influence, and many of the crop reports from the Southwest were extremely optimistic. May wheat was finally 5/8¢ per bu higher, while the July future was up 3/8¢ per bu.

Rye was strong, and there is also hope in some quarters of heavier feeding because of high corn prices. However, the visible supply of rye of nearly 20 million bu, is still very large. Some recessions finally occurred when wheat reacted.

Oats were also higher influenced by the probability of higher corn ceilings.

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CHICAGO MERCANTILE EX.

CHICAGO April 13, 1943.

About the only thing the grain trade knows up to this time on the higher corn price ceilings is the release which came from Mr. Davis' office, but this was merely an announcement of policy, and as far as we can determine the OPA has not yet definitely changed ceilings as relating to futures. We are told, however, that OPA intends to issue an amendment to the corn ceilings very shortly, and possibly this will be done in time to affect tomorrow's trading.

Meanwhile, there is very little news surrounding grain markets, except that weather has been extremely favorable over the Southwest, and where there are early crop reports they seem to be of a more optimistic nature than those which were current a few weeks ago before the rains had occurred. Farmers throughout the nation are preparing for an all-out production offensive, and total agricultural production goals, according to the government, are nearly 5% higher than actual production in 1942, which was already a record-breaking year. While it is perfectly true that there is a definite program to prevent inflation, there is still apparently a desire to help the farmers reach their war goals, and many measures have been taken by the government, such as price supports, which are still being maintained for all war crops. There are also further steps proposed to help farmers meet the additional production costs, and just a few days ago, the floor for hogs was lifted from $13.25 to $13.75. While writing this letter, the House Committee is arguing on the discontinuance of parity payments on 1943 and 1944 crops. Such matters as the abolition of the farm security administration and abandonment of the crop insurance program have apparently come up for discussion.

There seems to be a considerable amount of talk that next year's wheat disappearance will be much heavier than for the current season, and this is altogether likely since more and more farmers have learned the proper usage of wheat for feeding purposes, but on the other hand, there will undoubtedly be some extravagant statements as to the amounts which will finally be needed. We saw one figure that the total domestic consumption next year might reach 1,200 million bu. This, of course, could only happen if next year's corn crop were a failure, and it is well to think at times when acreages are being so drastically cut of what has just occurred in the Argentine, where they are harvesting only about 6 bu per acre. Nevertheless, from a moisture point of view, we are getting off to a fairly good start, and with some imports of feedstuffs from Canada, it remains to be seen just to what extent our wheat consumption will be stepped up. There is one report that our government has bought 25 million bu of Canadian wheat, which is to be ground in this country for feeding purposes. We are unable to confirm this yet, but at least it is known that certain agencies are working on such a proposition.

Primary receipts were fairly light today, at 1,185,000 bu compared with 1,968,000 bu last week, and 524,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 190,000 bu.

At times our market was strong, and there was considerable buying in oats and in rye. The latter was undoubtedly inspired by a report that some rye flour might be shipped to Russia. There was also a rather strong market at Winnipeg for rye and for wheat. The latter may have strengthened on a report that 25 million bu was to be exported to the United States, and possibly there is the thought that greater quantities would finally be worked.

Wheat was strong but lagged compared to other cereals. There is the feeling that any sharp upturn now would bring about heavier redemptions. The close was about 1/2¢ per bu higher.

It is hoped that corn trading may start tomorrow, but Washington must take the initiative if we are to have the higher ceilings established for futures.

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CHICAGO MERCANTILE EX.

April 14, 1943.

There was great confusion in Washington yesterday, and all interested parties, including merchants and producers, were anxiously awaiting issuance of a revised maximum price schedule on corn in order that futures trading in the various markets of the country could be properly arranged. The new schedule was to have been effective today in conformity with Mr. Davis' statement on policy, raising the cash price of corn by 5¢ a bu, but until very late yesterday afternoon the final order had not been approved. About the only thing that the various exchanges had to guide them was a press release to the effect that ceiling prices at Chicago for May, July, and September corn would be set at $1.05, while the ceiling for the December delivery would remain $1.01. There is apparently also provision for a ceiling price on No. 2 yellow corn at Chicago of $1.07 a bu, and certain discounts for inferior grades, about the same as those in the previous schedule.

When our market opened, there was some disappointment expressed in the various pits that the corn ceiling had not been higher. Wheat and rye prices sagged to some extent, and there was trading in the various futures of corn, since apparently many were of the opinion that the government was determined to keep in force the new program if it was humanly possible to do so. We understand that arrangements are being made to import a considerable quantity of Canadian wheat for feeding purposes, and thus the oat market also had to stand the brunt of selling, but in no instance was the liquidation very heavy. There was very little grain news of any kind, although the weekly government crop and weather report claimed that progress of winter wheat was decidedly variable. Beneficial rains largely offset the previous unfavorable conditions although there seems to be quite a little discussion of insect damage, but in the main we would construe the State reports as indicating improvement.

In making an analysis of the distribution of wheat, it seems reasonable to expect that the government at the end of this season will be in control of not more than about 350 million bu. The amount to be impounded next season will depend on various factors, chiefly the price relationship, but at least the grain that is frozen from next year's crop will still be more or less under control of the producers, insofar as title is concerned, until the period of redemptions comes to an end. This, of course, might be changed if the government would prematurely call loans, which is something that has never been done in the past. On the assumption that only 350 million bu is under federal control, and possibly a smaller amount if farm redemptions are increased, it is reasonable to suppose that only this quantity will be available for next year's feeding requirements, and also, the amount used for commercial alcohol. Since there is no great opportunity for increasing our export shipments,--and since normal domestic disappearance will probably not exceed 700 million bu, we fail to see how some of the extravagant forecasts on total consumption are reached. No doubt these will have to be revised downward, particularly if the corn crop comes through in fairly good fashion. Hog prices were rather steady after several days of decline, with the top at about $15. As one economist has so aptly prazed it, "A determination to keep pork prices high through the operation of a price floor and corn prices low through the instrument of a ceiling, it is apparently an attempt to make the American people eat sausage three times a day."

Primary receipts were 1,308,000 bu compared with 1,468,000 bu last week, and only 415,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 378,000 bu.

Trade was not particularly active, but declines in most pits were prevalent, with wheat closing 3/8 to 7/8¢ per bu lower.

Industries using corn were able to supply themselves in a rather liberal way, and their purchases were made at prices about 3¢ per bu lower than those which had been made from the CCC during the period when futures had been frozen.

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CHICAGO MERCANTILE EX.

CHICAGO April 15, 1943.

A good many people had been friendly to the oat market on the theory that a higher corn ceiling would also have its influence on the former commodity. The action of oats has been somewhat disappointing, and while undoubtedly larger quantities will be fed in localities where corn is scarce, the main bearish factor is the imports from Canada and the likelihood of more to follow. While navigation is late in opening owing to adverse weather, chiefly low temperatures, it must be noted that stocks of oats at the Canadian lakehead now total 11 million bu, while there is 13 million bu of barley in store. The bulk of these grains is expected to move out shortly. Since last August to date, 26 million bu of oats and 9 million bu of barley have been imported into this country from Canada. It is thought by some that this is a rather small quantity compared with the huge feeding requirements we have. On the other hand, the imported oats will probably not go for the most part to farms to be fed, but may find their way into commercial channels. Therefore, they augment the supplies which might otherwise be moved from the primary markets, and in this connection, the total primary movement in 1942 amounted to only 110 million bu, while in 1941, it was 86 million bu, and the year before that 69 million bu. In other words, the Canadian arrivals show up larger in proportion to the figures just cited, and may, therefore, be more of a market influence than the trade has anticipated.

In wheat, there seems to be no special issue. Forty weeks of the crop season has passed, and total exports, including flour, amounted to only about 16 million bu. The government forecasts that on July 1st, we shall have a carryover of 650 million bu, which would be the highest ever, and would compare with 632 million bu last year, which was the previous record. In these calculations, they forecast a domestic disappearance of 963 million bu, which is divided as follows: For human food, 540 million bu. This is somewhat larger than in ordinary time --probably a certain wastage due to military supplies and the larger amounts that are used by our boys in service. For feeding purposes, they estimate 275 million bu, which, after allowing for 225 million bu which the CCC sold for that purpose, means only 50 million bu additional which farmers took from their own stocks and fed, except to the extent that the last 100 million bu may not all be sold by the government. The last item, which is described as "for other purposes," amounts to 148 million bu, and includes feeding requirements and those quantities which are used in the manufacture of commercial alcohol, etc.

In other surplus countries, the crop outlook is fairly optimistic. Fall and winter precipitation throughout the Canadian Prairies has been generally satisfactory, and up to the end of March, average precipitation per reporting station has been 6.82 inches, or 21% better than the normal. Private observers in the Argentine believe that the wheat acreage will be maintained this year at 16 million acres, which compares with the five-year average of 18 1/2 million acres. Seeding of wheat and other grains is active in the early northern districts, while field work is now extending southward. In Australia, moisture supplies are variable but in the principal wheat growing sections soil conditions are mostly satisfactory. The government has not yet announced the acreage which will be licensed for wheat, but seeding has already begun in the early districts. Last year nearly 11 million acres were licensed, and a slightly larger acreage was sown. According to Sanford Evans, the area under cultivation in Russia this year will be increased by 16 million acres, which information was obtained from a recent dispatch from Moscow. This will include an increase in grain lands of 9,750,000 acres.

Primaries were 1,395,000 bu, or practically the same as last week, and compares with 526,000 bu last year. Kansas City and Minneapolis stocks showed a total decrease of 542,000 bu so far this week.

Markets were generally weak with the exception of corn. Talk of imports of feeds from Canada had a bearish significance. The BAE claimed it would depend largely on transportation facilities and the 1943 production in Canada, as well as in our own country. Final wheat prices were about 1¢ per bu lower.

Rye also was under liquidating pressure, and the same was true of oats.

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CHICAGO MERCANTILE EX.

CHICAGO April 16, 1943.

A feeling of indecision still exists in the grain trade, and will probably continue until more details are known of possible government programs. Whether or not definite ceilings will be placed on wheat prices still remains to be seen, although at the moment prices at many points are lower than redemption figures. One source reports from Washington that a temporary cotton price ceiling of 60 days duration will probably be imposed before the end of this week, and with the ceiling on corn and a possible ceiling on cotton, it would seem to indicate the pattern for most commodities.

In the meantime, there is rather persistent talk in certain quarters that some sort of arrangement will be entered into shortly between the Canadian authorities and those in the United States for the importation of wheat. While no quantity is mentioned, it is intimated that it might finally be as high as 100 million bu or more. Up to date mention has been made only of feed wheat to relieve the acute feeding situation in certain eastern sections, but some sources suggest it might include a certain amount of millable wheat. There are also indications that discussions are taking place for the importation of oats and barley, as well.

Meanwhile, attention is being paid to growing conditions. In studying the charts of the U. S. Department of Commerce, the amount of precipitation for the period from October to March was very close to normal in most sections of the winter wheat belt, but in the period from January to March, the amount of moisture was quite deficient, running from 52 to 68%, with only limited sections showing larger quantities. However, the past week saw rather copious rains pretty generally throughout the Southwest, and with the favorable subsoil conditions, at least for the present many fears have been alleviated, and timely rains between now and harvest should maintain present prospects. Along these lines, the Kansas Grain and Feed Dealers' Association reports that although the first three months of 1943 brought that State less than 50% of normal precipitation, crop conditions have been materially boosted by the good, general rains of last week, averaging from 1 to 2 inches over most of the plains' area, including the panhandle districts of Oklahoma and Texas, as well as eastern Colorado. They further comment that less than normal winter killing has taken place.

While at the moment milling demand is rather slack, mills have been enjoying more than normal activity. It is estimated by the U. S. Department of Commerce that for the first eight months of the present crop-year, nearly 358 million bu of wheat has been ground into flour, as compared with about 329 million bu the previous year. For January and February, the grindings have been approximately 94 million bu compared with 82 million the similar two months of the previous year. Undoubtedly with the increased use by the armed forces and for Lend-Lease shipments, the demand for flour should be fully maintained if not increased.

Primary receipts today were 1,126,000 bu as compared with 1,344,000 bu last week, and 542,000 bu a year ago. So far this week Kansas City and Minneapolis stocks show a total decrease of 870,000 bu, which suggests a decrease in the visible on Monday somewhat in proportion to last year's shrinkage of 1,670,000 bu.

There was no particular character to trading in the wheat pit, and the volume was rather light. There seemed to be some evidence of lifting of hedges, probably due to export sales of flour, as the subsidy to Cuba was raised from $2.00 to $2.64 per barrel, good until April 29th. At the close, wheat futures were 1/2¢ per bu higher.

Bookings of corn were quite heavy, totaling around 1,200,000 bu. Apparently, with the revised ceiling prices, there is a little more desire on part of producers to sell corn. However, all futures held at ceiling prices throughout the session.

Oats and rye also moved in a narrow range. Threats of importations have somewhat dampened bullish enthusiasm.

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CHICAGO MERCANTILE EX.

April 19, 1943.

This country has been at war for approximately sixteen months, and a great deal is heard at the present time regarding the mobilization and distribution of manpower. After three and one-half years of war, regardless of German propaganda, conditions in that country must be rather critical. They have sown through several acute manpower crises, which up to the present have been solved by the importation of foreign labor and the rather ruthless concentration of industry. After a severe winter on the Eastern front, losses must be replaced, and probably the minimum of a million men will have to be called if their armed forces are to be as strong next summer. Undoubtedly, additional manpower can be found in factories and offices, but on the other hand, a rather large percentage of the fit ones must be in key positions and can be spared only at great sacrifice. The production of civilian commodities has been practically at a standstill for several months, and a new prohibition on the manufacture of furniture and household commodities is about to be enforced. One authority estimates that at present the retail shops have been employing 1,900,000 owners and assistants, of which, roughly, two-thirds of this total is employed in absolutely essential retail work. At the beginning of the war, it was estimated that there were 14 1/2 million women from 14 to 65 years of age available as labor reserves, of which 12 1/2 million were married. Since August 1939, possibly over 1 1/2 million women have been used from this reserve. But to employ married women with two or more children makes it necessary to establish kindergartens and other service buildings, which are difficult to obtain at the moment. The quality of new workers now being drawn into industry must be extremely low. A period of training is necessary for semi-skilled work, while training for skilled work is impossible. In agriculture, it is figured that Germany is short 1/2 million workers for the springsowing, due to the induction of farmers and agricultural workers into the army. While in the past year, Russian civilians were deported to Germany in large numbers, that source is drying up. Italy, Hungary, and Rumania can no longer help fill up the depleted ranks. Poland has been denuded, and apparently the German replacement position is very vulnerable.

According to figures just released by the Department of Agriculture, 7,181,603 bu loan wheat has been redeemed since the report of last Monday, bringing total redemptions through April 10th to approximately 92 million bu, leaving a balance of 314 million bu still impounded. Of the original quantity of 406 million bu, 184 million bu was stored on farms and 222 million stored in warehouses. There is less than two weeks left for the farmers who have loans in warehouses to declare themselves, whether they will elect to redeem or default.

There was no moisture of consequence over the week-end, and no particular change in the crop outlook. The Robinson Elevator report, issued last Saturday for the State of Kansas, mentioned that the plant had emerged from the dormant stage, taken on good color, and made normal progress. They mention that abandonment in Kansas has been considerably below normal and that there is left for production a little in excess of 10 million acres.

Primary receipts were 1,956,000 bu compared with 1,726,000 bu last week, and 636,000 bu last year. When the visible was posted, it showed a decrease of 3,214,000 bu; there is now a total of 170,810,000 bu available in the visible supply, or 24,533,000 bu less than a year ago. Chicago stocks decreased only 29,000 bu, and now stand at 5,239,000 bu.

There was very little feature to our wheat market today, and interest was rather dormant. Winnipeg after its weakness of Saturday, displayed considerable strength. One news agency reported that the CCC has asked exporters and others for offers on No. 2 and 3 Manitobas, and it is possible that some of the buying in Winnipeg was in anticipation of such business. At the close, May and July wheat were unchanged.

There was 363,000 bu of corn booked from the country, with 100 sold to go out of Chicago. While the tense situation which had developed has been relieved, there is still no general selling by producers.

Very little interest was displayed in either rye or oats.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

April 20, 1943

For the past two sessions, the Winnipeg wheat market has been the active one, for the reason that our government apparently had solicited offers from Canadian exporters in order to obtain wheat supplies from our Northern neighbor to take care of some of the feeding problems which had been developing in the New England States, When this was announced yesterday, a number of merchants, in anticipation of such business, undoubtedly protected themselves by purchasing Winnipeg wheat futures. When this happened there was also a better class of speculative buying, with the result that prices not only closed 3¢ a bu higher yesterday, but were again higher in today's session, and as a consequence about 7 million bu of wheat has probably been worked between the two countries. As near as we can tell, it consists of mostly No. 2 Manitobas and possibly a few 3's. We are also informed that it will undoubtedly be sold to the New England States for feeding purposes, and command the same price as domestic feed wheat brings under the government program. We have no idea at this time whether the business was done largely by Canadian or by United States firms, but apparently the CCC is willing to take the shipping risks if the delivery is made at Ft. William or Pt. Arthur; therefore, it cannot be definitely stated at the moment whether the supplies will finally come into this country by lake or by rail transportation. In any case, with federal agencies interested in relieving the feeding situation here, we have no doubt that transportation of one kind or another will be found. All this did not help the corn situation, and all three futures were again bid at the ceiling level here in Chicago, with just a handful of brokers in the pit, but the chances are that there is a considerable quantity of May corn wanted at $1.05 a bu, with smaller amounts of July and September being bid for owing to the fact that there is a slight premium being paid for the nearby delivery as compared to the deferred months.

We called attention to the fact yesterday that 92 million bu wheat has already been liquidated from the 1942 crop. It is almost a foregone conclusion that at least 100 million bu will have been redeemed by April 30th, and possibly much larger amounts will still come out from farm storage as time goes on. This would indicate that less than 300 million bu wheat from the current season will finally remain in government hands. It might be very much less if farm redemptions are big. Taking into account an additional 50 million bu from past years, it is doubtful whether the government next July will be im possession of more than 350 million bu. If we assume that this total quantity is used for feeding purposes and for commercial alcohol, and allowing for 700 million bu through ordinary consumptive channels, the total disappearance, outside of possible small exports, would not be much in excess of the billion-bushel mark. This is considerably less than is being forecast by some of the various government agencies, but even while writing this letter, a downward revision in the estimated industrial alcohol requirements for the nation is being discussed and as we understand it, no additional alcohol plants will be constructed. Stocks of alcohol accumulated in the past eleven months total more than 100 million gallons, which do not include stocks in the hands of arsenals producing ammunition. Thus there is a sufficient quantity on hand to insure the present program, so possibly less wheat will be used than had been earlier anticipated.

Primaries were 1,196,000 bu compared with 1,185,000 bu last week, and 630,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 22,000 bu.

There was considerable buying in all pits, Sentiment was freindly for the most part, although there was no special news of a particularly bullish character. When May wheat hit $1.45 several of the elevator houses reported redemptions. These were not particularly large, but yet serve notice that within the next ten days more of the elevator grain might be returned to private channels. Last prices were 1 1/8¢ per bu higher.

Oats were strong, despite the talk of feed imports from Canada.

Rye also was very buoyant, but here too there was very little news to account for the higher level.

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CHICAGO MERCANTILE EX.

CHICAGO

April 21, 1943.

At the close of business yesterday, sentiment had been rather friendly to grains, mostly for the reason that prices had risen and the line of least resistance seemed to have been on the constructive side of the market. There may have been some hedges covered agains out-of-position grain, and this very often occurs prior to May deliveries, but we could see little other reason for the buying, although a number of excuses were given after advances had taken place Some attributed it to the fact that benefit payments as voted by the House of Congress were in smaller amounts than for the previous year, and that, consequently, a higher ceiling for wheat next year might be permitted. However, this is all very vague, and we doubt whether it really impressed very many trader, except those who were looking for a reason for yesterday's sharp upturn. The fact of the matter is that with May wheat close to $1.45 a bu, some redemptions are taking place. It must be borne in mind that betweennow and the end of April, any sharp advances would naturally attract a larger quantity of grain from the impounded supplies, since farmers who have their wheat in terminal storage must decide between now and April 30th whether they will redeem or whether they prefer to simply default. Actual redemptions have been slightly in excess of 89 million bu, made possible when prices were not much higher than they are at the present time. An additional 3 million bu has been liquidated to the CCC in advance of schedule, where apparently farmers were perfectly satisfied to wind up their loan obligation without retaining the advantage of being able to "cash in" on a higher market should one develop. At the peak of the loan period, 184 million bu of wheat had been frozen on farm storage, while 222 million bu represented wheat stored in warehouses. The government, however, does not make any distinction in the type of redemptions, and, therefore, it would be a mere guess as to how much is still left under loans on farms.

The condition of the winter wheat crop is largely unchanged, although unfavorably cold weather has retarded growth in some districts. The condition is probably the best in the central and southwest parts of the belt, and the crop has begun to joint already in southern Kansas. The Department of Agriculture confirmed recent heavy government purchases of about 7 1/4 million bu Canadian wheat, and referred to this small quantity as grain which would be distributed for poultry and dairy feeding purposes in the New England States and the Atlantic Coast areas.

There is still some discussion in Washington as to the possibility of ceiling prices for wheat. Wherever ceilings have been adopted, as in the case of lard, cottonseed oil, corn, etc., trading has practically ceased, and it would, indeed, work a very great hardship upon hedgers and commercial interests who have always handled the big wheat crops of the country, if a similar pattern were to be followed. Banking credits have always been extended freely to those who used the futures market as a hedge to insure their operations against losses through price fluctuations. Those who recall the period during the last war, when futures trading in wheat was eliminated, can doubtless appreciate both the promptness and the definiteness of organized exchange prices. The margins between buying and selling were very much broader than at present, and we believe that every effort should be made to keep our markets functioning normally, even if a slightly higher range of prices would be necessary to accomplish this.

Primary receipts amounted to 1,150,000 bu compared with 1,308,000 bu last week, and only 489,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 265,000 bu.

There was very little feature here. However, with Winnipeg prices down nearly 1¢ a bu, and probably no further wheat business passing between the two countries, there was some disposition to await further developments. Our prices were slightly reactionary, and there was not the spirited buying which had taken place yesterday; closing values were 5/8¢ per bu lower.

Corn was strongly bid at the ceiling price; shipments from Chicago were larger than bookings.

There was a fair turn-over in rye, but this cereal fluctuated largely in sympathy with wheat, with prices a shade lower, but general confidence amongst traders seems to be undisturbed.

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CHICAGO MERCANTILE EX.

CHICAGO April 22, 1943.

It seems that whenever there are prolonged discussions or threats of impending rationing or of ceiling prices, the public is immediately thrown into a scare, and very often, a bad situation is accentuated owing to the fact that much heavier purchases are made than might otherwise be the case. Ceiling prices are particularly dangerous, because experience has shown that in cottonseed oil, or in corn, or in lard, the trade became so paralyzed that very many industries anticipated their requirements long in advance, and the whole country was virtually warned that a great shortage of supplies had been given cognizance by the government.

In wheat, we really fail to see why there should be any attempt at all to resort to such price ceilings. First of all, the Bureau of Agricultural Economics is anticipating that we shall have a carryover supply next July of 650 million bu, which would be the greatest amount of wheat that has ever been carried from one season to another. It is practically sufficient to take care of our home requirements for a whole year in normal times. Even on the assumption that next summer's crop will be only normal on a reduced acreage, and admitting that we may have the greatest domestic disappearance in the history of our country, the government is still forecasting a reserve supply one year hence of 300 million bu, which would be almost twice as much as we used to carry over in the days prior to the Farm Board era, and would even be larger by 65 million bu than the ten-year average, including those years when the reserve supplies at the season's end were extraordinarily large due to artificial conditions. In addition to this, Canada is expected to have a reserve stock next August of nearly 700 million bu. This would take care of virtually six years' domestic requirements in Canada, not taking into account another crop, which will be harvested next September. We feel that in order to serve the best interests of agriculture and consumers, markets should be left alone, so that as larger quantities of grain are returned from the loan stock, there will be absorption of hedges without bringing about a chaotic situation.

The time will undoubtedly come again when we shall not vote billions of dollars for the support of crop control measures; then, of course, domestic markets will be very much needed again. In the meantime, however, if partial price-fixing is attempted by government commission, the law of supply and demand would necessarily be followed as closely as possible, unless the consumers should be rationed. It has always been our experience that a price that is too low does not maintain production, and a price that is too high does not maintain consumption. Nobody can tell how long the present corn ceilings will be maintained. Possibly after farmers' crops have been planted and field work has been finished, more grain may move to terminal markets. Meanwhile, hedgers who have grain at out-of-position points have found it necessary to pay a premium of 1¢ a bu in exchange for the July future, and this is a very unnatural situation.

Primary receipts were smaller at 1,020,000 bu compared with 1,359,000 bu last week, and only 415,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 522,000 bu.

While there was no special news in wheat, there was some strength borrowed from other cereals, and the undertone was very firm. A few showers were reported in parts of the Southwest, and according to the Kansas Weekly Bulletin, moisture conditions in the western two-thirds of the State are for the most part good to excellent. However, with May corn in demand, and locals inclined to buy May oats, there was sufficient buying power to finally give us an advance of 3/8¢ per bu.

Corn futures remained at ceiling levels, but some transactions were possible, although the volume of turnover was very small.

Rye was inclined to be weak at times, but finally firmed in sympathy with the higher wheat market.

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CHICAGO MERCANTILE EX.

CHICAGO April 26, 1943.

During the course of almost every war, certain inflationary tendencies arise, and with ceiling prices being considered now for many commodities, it is rather interesting to look back to the trend of corn prices on the Chicago Board of Trade during 1917-18. First of all, let us state that the 1916 corn crop was a small one. However, in 1917, we raised one of the largest crops up to that time, according to the figures published by the Department of Agriculture, but the corn was wet and very largely unmerchantable. Coupled with this fact came war conditions, government food control, car shortages, coal shortages, and general market demoralization. However, the consumptive buyers of corn,including the industries, the mills, the feed manufacturers, and the livestock interests needed the corn and bought it freely. In January 1917, cash corn ranged from 93 1/4 to $1.03, and the May future at the same time fluctuated between 93 1/2 and 103 1/4, or practically the same as the spot price. From this time on, the premium on cash corn gradually increased, as both the spot and the future rose in price. In July, cash corn had climbed to $2,32, a figure so high as to alarm government officials. Of course, at that time we were shipping every possible ounce of wheat to our allies, and hence were consuming at home all sorts of wheat bread substitutes, one of which was corn. Officials of the federal government gave warning to the Chicago Board of Trade that corn prices were getting too high, and that speculation in corn must be curtailed or stopped altogether. The assumption apparently was that speculation was in part the cause of the rise in price, but this assumption was one which later events proved to be contrary to the facts. In any event, the Directors of this Exchange, on July 11th, fixed a ceiling price on corn futures for 1918 at $1.28, and forbade the making of any future contracts for delivery during 1918 in excess of this price. On the next day, July 12th, the Directors made the same rule apply to all corn contracts for December 1917 delivery, This, of course, held the futures price below $1.28. According to the theory of some thinkers, this regulation would have held the cash price down also, but just the contrary thing happened, and the trend of cash prices was upward until the new crop began to arrive on the market. At no time after July did cash corn fall below $1.60, and most of the time it was above $2.00.

Primary receipts were 1,975,000 bu, about the same as last week, but compared with 494,000 bu last year. The visible supply showed a rather liberal decrease, being 3,674,000 bu, with the total now 167 million bu, or 26 1/2 million less than the same time last year. Chicago stocks decreased slightly, the shrinkage amounting to 88,000 bu, still leaving a little in excess of 5 million bu.

The trade was extremely dull, but during the week 4 1/3 million bu of wheat was again reported as redeemed or liquidated. This means that 96 1/2 million bu has been returned to commercial channels, and we believe that there will be more free wheat in the carryover reserve than most people had anticipated earlier.

Southwest weather continues satisfactory, and a number of points have reported precipitation over the weekend. This is all beneficial for the growing crop. Final prices were 1/8 to 1/4¢ per bu lower, and of course, with the possibility of the wheat ceiling, there is not much enthusiasm on the bull side of the market.

Rye was a little weaker at times, but a few hedging purchases returned the market to about the previous close, although here, also, there was very little feature.

Corn continued at the ceiling, and hardly any trade was possible, although some changing orders between months took place, but even here the volume was small.

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CHICAGO MERCANTILE EX.

CHICAGO April 27, 1943.

The overnight weather was construed as very favorable for crop development, particularly in the Northwest where rains had been general over Montana, North Dakota, and northern Minnesota. Precipitation came in many localities where it had been badly needed. The individual reports indicated an inch to 1 1/2 inches over much of the territory, and thus the proverbial April showers are apparently coming according to schedule. Some parts of Montana claim that the rains have been falling for twenty-four hours, while North Dakota reported rather generally from one to two inches of rain. There was not much moisture in the Southwest, but there had been some nice rains around Kansas City over Sunday, and undoubtedly these did a lot of good, also. On the other hand, cloudy and cool weather over much of the winter wheat belt is very important, and it is far better than having high temperatures at this time of year, which are so often harmful.

Minneapolis futures opened slightly lower, and the chances are that wheat in Chicago would have also sympathised had it not been for a rather sensational report which appeared in the Chicago Journal of Commerce in connection with the probable wheat carryover next July. The party who compiled the statistics forecast a reserve of 412 million bu, which would be about 238 million bu less than the figure mentioned by the Bureau of Agricultural Economics. However, any grain student would have immediately noticed the glaring error in this compilation. First of all, we began our crop year with total supplies of 1,613 million bu. To have the stocks reduced to 400 million bu at the end of the year would have meant domestic disappearance of nearly 1,200 million bu, which on the face of it was impossible even with the most extravagant kind of feeding or extra useage for commercial alcohol. Where the actual error occurred was that their statistician had placed farm stocks at 228 million bu, as of April 1, which was 100 million bu out of line. On the strength of that, he figured an unusual disap--pearance for the past quarter and then concluded that we would have an equally large disappearance for the next quarter. Actually the figure appears to be about 200 million bu in error. There seems little doubt that we shall finally carry over 600 million bu wheat into the 1943 season, depending on whether the present feeding plan will be fully successful.

Trade seems to be hesitant until it is finally determined whether or not there will be wheat ceilings. Apparently the decision will come from Mr. Byrnes' office or possibly from the office of Chester Davis. It is to be hoped that with an artificially high loan sufficient latitude will be given the trade so that hedging transactions may take place without bringing about a chaotic condition. We have already seen what has happened in corn, with a comparatively low ceiling as contrasted to high hog prices, but it would be even worse in wheat if the market could not function properly. After all, the mills grind about 500 million bu wheat a year, and they could hardly afford to have supplies tied up and thus create a bread shortage in the midst of plenty. Furthermore, there are many considerations to be given to the orderly marketing of grain. Grain exchanges have been developed during the last century to such a high degree of perfection that any hurried plan which would disrupt the machinery might take years to build up again. Consequently, the matter should be carefully considered from every angle, in order to cause as little confusion as possible. Since parity has been the price for which agriculturalists have been striving the past eight or ten years, it seems inconceivable that ceilings might now be placed at lower levels, because that would automatically lock up the impounded grain that was defaulted to the CCC, and this was never the intent of congressional action when loans were first adopted.

Primary receipts were quite substantial at 1,555,000 bu compared with 1,196,000 bu last week, and 542,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 533,000 bu.

There was a rather aimless trade today, no special issues, and at the last wheat prices were unchanged to 3/8¢ per bu lower.

Corn remains at the ceiling. Oats were mostly firm, and apparently the fear of imports has not shaken the confidence of holders.

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CHICAGO MERCANTILE EX.

CHICAGO April 28, 1943.

After many weeks of very slow milling trade, there was a sudden improvement in the overnight demand, and this was immediately reflected in the market owing to the fact that hedges were taken out. Volume of trade is on a much smaller scale than heretofore, and, therefore, whenever 500 to 700,000 bu wheat is covered, it has more than the usual influence. Other news was of little consequence, and the trade is still awaiting further advices from Washington as to the possibility of a ceiling on wheat futures. This has been threatened for several weeks, and is apparently an attempt to prevent bread prices from rising. There is already a ceiling on bread, and in fact, the loaf which is purchased by the housewife is no more costly now than it was in 1941, indicating that this is one item which has been kept more or less static, even though grain prices have been continually pushed higher due to the increase in parity prices and the higher loan. It seems rather peculiar that the OPA should concentrate on any one article, such as bread, although it is often referred to as the "staff of life," but still it constitutes a rather small percentage of the daily food which is consumed, at least from a monetary point of view. If the OPA had been equally successful in holding down other living costs, or even the prices in restaurants, we feel that the fight against inflation would have been more successful. Complaints are becoming more and more numerous, with the price of vegetables rising; also,meats have advanced to such an extent that a steak dinner, which in a moderately-priced restaurant would have cost $1.10 a few months ago has now been raised to about $1.85, and yet the worry seems to concentrate on bread --that a possible advance of 1/2¢ a loaf might start the general spiral of inflation into dangerous ground. Even fish and poultry, which are very often substituted for meat, have advanced to a point where many people hesitate to buy them, even though they are able to save ration points through these substitutions.

Winnipeg prices were also somewhat higher, and the United Kingdom had purchased upwards of 500,000 bu of No. 1 Northern Manitoba wheat, but taking into account the vast surplus in Canada, where the visible supply is still 417 million bu, it will take a much heavier export demand to make inroads into their accumulations.

Not much attention was paid to the weekly government and crop reports, particularly from the Northwest, since the recent rains have undoubtedly improved the outlook, but there is a certain satisfaction in knowing that spring wheat seeding has made rapid progress, and field work is nearly completed in North Dakota and southern Minnesota.

An eleventh-hour plea from Chester Davis, the food war administrator, to plant to the limit of our capacity may have some effect upon producers. He emphasized the boundless war demand for food and livestock feed, and assured farmers with insufficient help that the government was organizing the country's latent labor resources to assist them harvest their crops.

Primary receipts were considerably smaller at 960,000 bu compared with 1,150,000 bu last week, and 433,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 883,000 bu. This suggests another fairly good-sized shrinkage in the visible supply next Monday.

Trade was not particularly active, and while there was some May liquidation, the improved flour situation held prices firm, although on the advance some redemptions were reported. Just how much loan wheat will come out between now and April 30th remains to be seen. The figures which we get from Washington are always somewhat behind because it takes time to compile them. Final prices showed an advance of 3/4¢ to 1¢ per bu.

Rye was very strong, and a leading elevator company was supposed to have covered some hedges.

May oats reacted somewhat, and it is considered likely that imports from Canada may relieve tightness in the cash situation which now exists.

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CHICAGO MERCANTILE EX.

CHICAGO April 29, 1943

The Bureau of Agricultural Economics in its last publication forecast a probable wheat carryover next July of 650 million bu. There is talk in some quarters that this figure may be too high and that the reserve stock at the end of the season may amount to only 548 million bu. This is said to be due to extra quantities being used for commercial alcohol, etc. In trying to analyze the situation, we can start on the premise that the crop and carryover last July amounted to 1,613 million bu. If the next reserve would be cut to 548 million bu, it would naturally indicate a total disappearance for the season of 1,065 million bu. It is generally conceded that 225 million bu of government-owned wheat will be released for feeding purposes, and latest figures allow 60 million bu for commercial alcohol, or a total of 285 million bu from government supplies. This would leave 780 million bu for normal consumption, which figure appears high to us, because during the whole season government feed wheat was cheaper than other wheat, and, therefore, not much incentive for the farmer to feed a great deal of such grain beyond normal usage. In an ordinary year when our domestic consumption is 700 million bu, it already allows for about 100 million bu for feeding purposes, and we see no reason why this figure should be greatly extended. Nevertheless, time alone will tell what the actual results are. Looking ahead toward next year, we call attention to the fact that there is only 169 million bu of wheat under warehouse loans, and the balance of the wheat, which was under farm loans, has another year in which the producer may redeem it. It hardly seems likely that the government will fall heir to over 200 million bu from the 1942 crop, but there is also about 45 million bu left from defaults in previous years, or a total of 245 million bu. This is a smaller quantity than will be authorized for feeding purposes and consumed for commercial alcohol in the current year; therefore, we must assume that consumption during 1943-44 will be on a smaller scale, except that Canadian imports will augment our holdings.

There were some nice rains reported in the Northwest. Moisture was fairly general along the Northern Pacific and Great Northern railroads, both in North Dakota and Montana. Up to the present time not much precipitation has fallen in the Southwest, and there are some complaints of dry spots in Oklahoma, where the crop outlook is not good. However, Texas and Kansas seem optimistic about their prospects, and on the whole we would consider the situation as favorable for winter wheat. Of course, any comparisons made on basis of last year's crop will be poor, owing to the fact that on a small acreage we raised the second best crop on record, and bumper crops are just as rare as are crop failures.

Primary receipts amounted to 1,103,000 bu compared with 1,020,000 bu last week, and 503,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,195,000 bu.

While there may have been some flour business, the demand was by all odds less keen than yesterday, and we did not see many hedges taken out of the pit. It is interesting to note that during the period when about 100 million bu of wheat were redeemed, the open interest in wheat hardly increased, and this would lead us to believe there must be a great deal of wheat in various parts of the country not hedged. Therefore, the reverse must also be true, and not as much buying in the pit takes place when milling demand occurs.

After the close of the market today we shall have a new scale of parity prices for April, and the chances are that the loan on wheat will be based on the present wheat parity price. Just when it will be announced is difficult to tell. Final wheat prices were unchanged to 1/4¢ per bu lower. Small liquidation in May wheat was easily absorbed.

May oats were slightly reactionary, and it is expected that a cargo of Canadian oats will arrive here early next week.

Rye was strong during most of the session, but reactions finally occurred in sympathy with the leading cereal.

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CHICAGO MERCANTILE EX.

April 30, 1943.

While it is probably too early to say anything definiteabout the winter wheat prospects, there are some early indications from which we may draw partial conclusions. The yields in Oklahoma will no doubt be considerably below the previous season, and might even show less than average. Conditions in Kansas are quite good, and the crop is making a nice growth and is jointing in many areas of the State. Volunteer wheat in western Kansas is making a rank growth. In Missouri, the weekly weather and crop bulletin says that precipitation averaged somewhat above normal during the past week and that soil moisture now appears to be ample for present needs. Most of the private reports from Texas are fairly satisfactory, and in view of the fact that we are not permitted to say much about current weather, we shall try to keep the trade as fully posted as we can on possible yields when we get more complete data.

Interest today centered on May deliveries, and at this writing we do not have the complete picture of tenders, but it appears as though about 200,000 bu of wheat will circulate on May contracts. There was a considerably larger movement in rye, with indications that nearly 3 million bu would be delivered, but this has been more or less expected, and it is thought that possibly the rye may be stopped by holders who are inflationary-minded and who may keep the grain as an inflation hedge.

President Roosevelt, according to a Washington dispatch, suspended an earlier proclamation that had to do with import wheat quotas, if we interpret it correctly. A tariff commission has apparently made a full investigation, and the President now feels that it is no longer necessary to hold down our imports to the original quota of 800,000 bu. Later in the session the order was clarified, and it now looks as though the War Food Administration would be permitted to bring in surplus wheat from Canada and Australia to take care of livestock needs, but apparently it is not intended to be a general relaxation on all milling varieties. This had a slightly bearish influence on the trade, although it is not likely that as much grain will be brought into this country as might otherwise be the case, owing to the restrictions on water transportation. As a matter of fact, lake navigation is very late this year, and there will be considerable difficulty in moving coal and grain on lake vessels, since priorities will naturally be given to the shipments of iron ore, but the ODT has suspended for another two weeks any restrictions, and after that time, as we understand it, permits will be necessary to bring grain either to Chicago or other lake destinations. Even now full scale operations are not possible because of ice, and the navigation season is fully a month later than last year.

Whatever export business is being done originates largely from Canada. Argentine shipments are running currently from 1 to 1 1/2 million bu a week, and according to Broomhall, the remaining surplus in that country amounts to 262 million bu, which is an enormous quantity, and suggests that at the season's end they may have more than 200 million bu still on hand. Normally, the Argentine through a wise merchandising policy "clears the decks" at the end of any crop year, but with shipping difficulties there is no chance of getting reserve stocks down to moderate proportions.

Primary receipts were 1,186,000 bu; a week ago was a holiday; last year they amounted to 458,000 bu. Kansas City and Minneapolis stocks so far this week show a total shrinkage of 1,534,000 bu. This suggests a rather heavy decrease in the visible supply on Monday, and will compare with last year's decrease of 1,835,000 bu.

Trade was not particularly active. The wheat market sagged, and without much support from either milling demand or trade interest, final prices were about 1/2¢ per bu lower.

Rye was fractionally down for a time, but there still seems to be a rather bullish sentiment on the theory of comparative cheapness.

Trade in oats was very moderate, and there was no special issue there.

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CHICAGO MERCANTILE EX.

CHICAGO May 3, 1943.

Farm production in this country has been more or less limited since 1933. In this connection, we are quoting some data obtained from the Department of Agriculture, State of Georgia, in one of their recent publications. They call attention to the fact that our corn crop from 1910 to 1919 averaged 2,635 million bu per year; from 1920 to 1929, it averaged 2,695 million bu; from 1930 to 1939, it averaged only 2,307 million bu; and during 1940 to 1941, our annual production averaged 2,563 million bu. They conclude from these figures that our annual production of corn during the last thirty years has decreased instead of increased, and they point out that the production of meat is limited by the production of corn.

According to the U. S. Department of Agriculture figures, from 1910 to 1919, we averaged a total of 27,687 million lbs of hogs and beef combined; from 1920 to 1929, we averaged 28,146 million lbs of hogs and beef combined; from 1930 to 1939, we averaged 28,607 million lbs of hogs and beef combined. From the above it is clear that during the thirty-year picture, 1909 to 1939, our average production of meat increased less than 4%. However, in the same thirty-year period, our population increased 44%. It is no wonder, they say, that we have a tremendous meat shortage, particularly since imports have been cut off. The Commissioner of Agriculture of Georgia points out, and we quote, "The Triple A was created in 1933 to limit production of crops in the United States Those who sponsored the Triple A program were not deceived about the facts. They knew we had no over production of food but the shortage fitted into their over-all plan to destroy American agriculture. Congress was fooled and acted on the misinformation furnished them. Congress was laboring under the terribly mistaken idea that we had over production of agricultural products." The Bureau of Agricultural Economics claims that with a record number of people in the higher income brackets, it is estimated that the total demand for meat in 1943 will exceed the available supply by as much as 5 billion lbs. A ration of 2 lbs per person per week will reduce the per capita consumption of meats to the 1935-39 level. For the millions of people who have recently moved into the upper income groups, the ration allotment will be less then they would like to buy at present ceilings but more than they could afford previously.

When our market opened this morning prices were rather firm, for wheat and rye, and there were a certain number of crop reports reaching this market indicating some deterioration. Even in Kansas there is some fear that the crop has not been doing too well, and while wheat generally made rapid growth, the best rains have missed some of the important areas. We would say that sharp breaks in the market probably are not likely until this situation is relieved. In other words, a good general soaking in the Southwest is being awaited. Meanwhile the 1942 outstanding loans have been further reduced, and total liquidation amounts to just less than 100 million bu; the figure undoubtedly will be larger as there is a lag in compiling data. There is about 166 million bu in warehouses with redemptions no longer possible, but about 140 million bu, consisting of farm loan wheat, and these loans do not have to be settled for another year.

Primary receipts were quite large, almost three times the size of last year, but the visible supply decreased nearly 5 millionbu; total stocks in all positions are 162 million bu, or about 29 1/2 million bu smaller than a year ago. Chicago stocks decreased 387,000 bu, still leaving 4 3/4 million bu here.

When these figures were published the market moved into new high ground for the day, and sentiment is rather bullish particularly while there is so little pressure from any source. Final prices were 5/8¢ per bu higher.

Rye futures were extremely strong, despite the fact that the demand is mostly speculative. The visible supply increased 123,000 bu this week, to practically 20 million bu in all positions, which is very large at the tail end of the season.

Oats were weak for a time, but finally recovered in sympathy with strength in most of the other pits.

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CHICAGO MERCANTILE EX.

CHICAGO

May 4, 1943.

With formal rationing of meat to civilian consumers, including practically all cuts and varieties, also canned meats, including fish and sausage, and with additional rationing this year of processed fruits and vegetables, also edible fats and oils, including butter and cheese, there seems to be the feeling in many quarters that our production for 1943 will be greatly reduced, but an analysis proves that this is not the case. First of all, the annual national prospective plantings indicate nearly a 4% increase in acreage over 1942 of major spring crops to be planted in 1943. Assuming no change in these plantings, and with average weather and the continuation of the present trend in livestock production, we shall probably have enough food for human consumption in 1943 that will run about 30% larger than the yearly average for the period 1935-39, or actually about 3% larger than the record production in 1942. However, what is actually happening is that the civilian population is consuming on a sacle as never before. It is true that rationing in many quarters has become necessary, partly due to the large military and Lend-Lease requirements, but the two latter factors will be allotted only 20 to 25% of the prospective 1943 food production, while civilians will be allotted somewhere from 75 to 80% of the total output. Although the civilian population has been somewhat reduced owing to more men in service, their requirements per capita have been increased owing to more prosperous conditions, and it is hoped that rationing will reduce them to the 1935-39 level. Thus with more people now able to purchase foods which formerly were beyond their means, the pinch is beginning to be felt. Present estimates indicate that the average civilian demand for meat in 1943 will be as high as 160 lbs per capita, and the trick is to get it back to about 126 lbs. as was previously the case.

With this situation fairly well recognized, there seems to be a more or less bullish feeling that all food articles may finally be scarce, and it has thus affected wheat and rye, despite the big surpluses which still exist , although in wheat with the added amounts now being fed, and with a very much smaller crop in prospect, it is felt that our big reserve stocks will gradually become more tenable. The Galvin forecast this morning was for a winter wheat production of 535 million bu, or a reduction of about 23 million bu from the government's recent estimate. Abandonment is placed at 11.3% compared with only 7% a year ago. However, the ten-year average was 18.6%.

Other news does not vary much from week to week. With all but ten weeks of our crop season completed, we have exported 17 million bu wheat and flour. Canada in thirty-eight weeks has shipped about 140 million bu from her shores; therefore, it is hardly likely that the total for the entire year will exceed 200 million bu. In the Argentine, rains during the week improved topsoil conditions, but subsoil reserves are still below normal, following a long period of dry weather. Nevertheless, seeding of wheat and linseed in the northern areas is reported as satisfactory. All shipments remain small and wheat stocks in chief ports remain high at 56 million bu.

Primary receipts were again quite heavy at 1,788,000 bu, but shipments were also large, being about one million bu more. Last week primaries amounted to 1,555,000 bu; a year ago they were 549,000 bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 424,000 bu. We presume that a good deal of grain now is being shipped from terminals under the government feed program.

The wheat market was very firm throughout the session. There seems to be very little pressure now, and possibly this will be the case until there are rather general rains. In the meantime, milling demand is just fair.

Oats were dull, and prices were not much affected by talk from Washington that loans in corn might be called before maturity. This seems to be quite a change in policy after farmers were encouraged to accept loans for a three year period.

Rye was very strong, some buying appeared to be for a large commercial user, but other support was mostly speculative.

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CHICAGO MERCANTILE EX.

CHICAGO

May 5, 1943.

The 1943 goals for meat production call for an increase of about 17% over last year. However, this is subject to some revision of the trend in marketings which was recorded in regular commercial channels for the past three months would continue at the same rate. In any case, the number of hogs on farms on January 1st was the largest on record. It was 22% larger than on January 1, 1942, while the number of cattle and calves, other than milk animals, on farms was nearly 6% above that of a year earlier. The number of sheep and lambs on farms last January was about 3% smaller than last year, but the total number of chickens on farms was about 14% greater than the record number on the same date in 1942.

Now comes the question of feed grains, and according to the Bureau of Agricultural Economics, the prospective 1943 acreage for corn, oats and barley is 4% greater than the acreage last season, but the combined production of the three major feeds may be about 11% smaller if the yields turn out to be about average. In other words, it is hardly likely that bumper crops will be repeated. When ceilings were originally placed on corn, it was no doubt the intention to make feeding operations as attractive as possible, and certainly great encouragement has been given in this direction, although one thing was overlooked, at least in part, and that was the commercial demand. There has been no satisfactory solution yet for obtaining sufficient supplies, unless in the final analysis the government would commandeer stocks. It has been stated recently that a small advance in corn ceiling prices would be inadvisable, for the reason that farmers would then consider that the government's promise meant nothing, and that the holding tendency, consequently, would be all the greater on the theory that further advances might later take place. As we view the situation, the only real solution is to take the ceiling off entirely. This may sound like an extravagant statement, but we say it advisedly for the reason that farmers seldom sell their product on an advancing market although when recessions occur offerings increase. The writer recalls the difficulty after the first World War in buying sufficient quantities of grain for our export needs, while values were on the upgrade. Producers held tenaciously to their crops but when the reaction in prices finally came about, there were tremendous offerings of grain, which previously had been withheld from the market. We believe that if normal supply and demand factors were permitted in corn today, there would be a much more orderly situation, and finally a more healthy distribution.

Crop reports today were somewhat pessimistic from certain quarters of the winter wheat belt, where apparently winds have sopped up surface moisture. Overnight precipitation was extremely light, with only a few scattered showers reported. From the Northwest, however, we are getting more optimistic reports. The past week has been cold and wet, and while field work has made slow progress during the period, there are large areas where 80% of the seeding has been accomplished and some stations report as high as 90%. On the whole seeding operations are at least up to average, and there seems to be plenty of moisture now to get the crop off to a very good start. Before long good growing weather will be eagerly awaited, and for the present at least early grains are up to a good stand. Light showers were reported generally this morning along the Minnesota division of the Soo Line; the Winnipeg division also had light showers at some points.

Primary receipts were smaller at 1,041,000 bu compared with 960,000 bu last week and 419,000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 649,000 bu.

Despite some crop damage reports from the Southwest, markets were a little hesitant; possibly the fact that 900,000 bu Canadian oats was on the way from Canada to Chicago had a little influence upon sentiment. 65,000 bu rye is also headed to this market, and we understand that a very substantial quantity of rye is offered at Buffalo at 4 1/2¢ over Chicago May, which is considerably cheaper than if delivery were taken in Chicago on May contract and the grain shipped out. With a cash situation of this kind at Eastern markets, we consider prices here on very debatable ground, and should not be surprised to see sharp reactions sometime. Final wheat prices were unchanged to 1/4¢ lower.

Corn held steady at the limits, and while some earlier loans will undoubtedly be called, this seemed to emphasize the bullish position, and thus far has apparently not shaken out many of the longs.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO May 6, 1943.

One of the largest and oldest banks in the country, which was established in 1812, has just made the statement that our country has now enough experience with price controls to know that to operate them with any success requires the highest possible degree of both practical understanding and economic statesmanship. To create and operate such systems of control, and in such a manner as to preserve inducements to production and distribution, challenges the capacities of the ablest and most experienced men in this country. We have contended for some time that the basic reason why ceilings on wheat were unnecessary was because there was no shortage, except as the government itself had artificially created one by withholding its own supplies from the market. Even at this writing, efforts are directed toward relieving the corn situation by calling some of the loans from previous years; in fact, all prior to 1942, in the hope that this grain will gradually go into consumptive theatres. With respect to wheat, we had 406 million bu impounded from the 1942 crop. When it is considered that 150 millionbu probably never leaves the farm, because it is utilized for seed, feed, wastage, etc., it shows that practically half the crop was frozen. Had it not been for the surplus of free wheat from past years, we might have actually had a bread shortage, at least to a point at which farmers would have been induced to redeem their holdings and put them back into commercial channels. Had a low ceiling been operative, even such liquidation might not have been permissible.

There is very little change in the statistical position of wheat. Forty-three weeks has passed, and our clearances have amounted to 18,280,000 bu; thus it is apparent that domestic factors are paramount. Canada, in thirty-nine weeks, has cleared about 144 million bu wheat and flour, --still not too large a quantity considering that she had 1,016 million bu on hand last August, but, of course, her great hope is a larger exodus to the United States for feeding purposes.

Most attention now is directed toward new crop developments, While there may have been some damage in Texas and Kansas, due to the shortage of April moisture, at least in some spots, the indicated damage so far has not been very great. The Robinson Elevator report has reduced its production figure for Kansas to 169 million bu, which is 6 million bu smaller than its previous estimate, but still more than the government forecast on April 1st. They qualify their prediction, however, by saying that without normal moisture for another ten days, the present prospect could not be maintained, and consequently, damage might be even more severe. It is, therefore, encouraging to note that overnight rains, which had been more or less unexpected, were very beneficial. Salina, for instance, reported the fall of 1/2 inch; the same at Topeka, while St. Joseph, Missouri, had 1 1/4 inches.

Primary receipts were reasonably good at 1,302,000 bu compared with 1,103,000 bu last week, and 629,000 bu last year. Stocks so far this week at Kansas City and Minneapolis show a total decrease of 845,000 bu. There must be a fair amount of wheat being ordered out of various terminals under the government feeding program, and this suggests another heavy decrease in the visible supply next Monday. Steamer Wilson is now unloading a cargo of oats and rye, at one of the Chicago elevators, and Steamer Duston has just arrived in Chicago with a cargo of oats. We understand that another boat containing 50,000 bu of rye has cleared for Chicago, but these increases in stocks both actual and prospective have not influenced markets to any extent.

In fact, sentiment was very bullish in all pits; even the moisture had only a passing influence. Final wheat prices were 3/8 to 3/4¢ per bu higher.

Rye was fractionally lower at times, but rallied with other cereals. There is still no improvement in actual demand so far as we can learn.

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CHICAGO MERCANTILE EX.

CHICAGO May 7, 1943.

In ordinary times weather is a most important price-determining factor during the growing season, and it is quite surprising what little effect the rains of the past two days have had upon our fluctuations. There is a good deal of acreage in western Kansas, and the fact that one inch of rain fell at Tribune, which is practically on the Colorado line, with about 1/4 inch at Goodland, was heralded by those in the trade as very welcome, particularly as it had been unexpected. A study of Weather Department data shows that, despite the proverbial April showers, May, in most years, is actually a wetter month than its predecessor, and for that reason we very often get precipitation rather unexpectedly, and sometimes the barometer changes with the weather instead of indicating what is ahead. Nevertheless, precipitation had less than the usual influence,even with Parsons, Kansas, claiming 3 1/2 inches, 1/2 inch at Geneseo, and the same at Ellis. Other scattered reports lead us to believe that it was a general condition.

There was other news of a somewhat bearish character, but this likewise was more or less overlooked. We are referring now to imports from Canada, where slightly over 2 million bu oats came into this country during the past week; there was also 265,000 bu rye cleared from Fort William on May 3rd. This Stearmer, R. P. Ranney, is headed for South Chicago, but rye prices held moderately well and apparently May holders are simply waiting for the deliveries. Nevertheless, it appears now as though the government wants to make greater provision for the shipment of grain into this country from Canadian points. Accordingly, they have curtailed substantially the shipment of iron ore by lake vessels, so that further tolerance will be given grain shipments. The domestic grain goal via the lakes is for 160 million bu to be handled with total importations up to 80 million bu from Canada. The use of 4,400-ton vessels will be permitted free of all restrictions, and it is the hope that this will provide space for 35 million bu of grain monthly, or 220 million bu for a six-month season if all 78 of the available vessels would be used wholly for the transportation of grain. This information was from ODT officials, although they qualified the statement by saying that not all of these ships would be exclusive grain carriers on every trip. The chances are that much will depend upon the outcome of our own crops, particularly corn yields, and that will be an important factor in determining the quantity of feedstuffs that we shall have to import.

Grain news from Southern Hemisphere showslittle change. Since August 1, 1942, wheat shipments from the Argentine averaged only 1 1/4 million bu a week, and most of the wheat and flour seems destined for Brazil and neighboring countries. Seeding is now progressing under generally satisfactory conditions, although rains would be beneficial in some areas. Australia cables that acreage devoted to wheat may be somewhat reduced due to the shortage of fertilizers and lack of manpower. However, they had a crop of 158 million bu last year, or nearly 11 million acres, and the carryover of old-crop wheat is placed at 207 million bu, showing the effect of previous accumulations.

Primary receipts were fairly substantial at 1,417,000 bu but the shipments were equally large. Last year primary receipts amounted to 1,186,000 bu and a year ago 603,000 bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,068,000 bu. The visible shrinkage on Monday should be quite heavy and will compare with a decline last year of 1,779,000 bu.

Whatever weakness developed in the grain markets came during the last hour of trade, but there was no sizeable liquidation. We continue to feel that some day either longs in rye will wish to sell or else there must be a marked improvement in the cash demand for this article.

There was not much crop news in oats, but the market hesitated owing to the continuation of imports, with more to come.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO May 10, 1943.

There are certain calendar dates which have become more or less famous as periods for the buying or selling of grain. These are sometimes referred to as "The Voice from the Tomb," and the reason we mention it is because May 10th is considered the calendar date when sales of wheat are attractive. It is not mere superstition that certain periods are more bullish or bearish. For instance, late in November after the visible supply generally has reached its maximum, and hedging pressure ceases to be an important factor, bulls usually have the advantage until after Christmas time. Later when the mills close for inventory and Southern Hemisphere crops are pressing on the market, we come to January 10th, when very often a declining period sets in. At the present date many of the mills are closing down for repairs, while traders, impressed with good crop comments, are in a selling mood. In other words, it is termed as a time when shorts are "selling scenery." This is especially true when there has been a cool, wet May, which is so beneficial, and at the moment the weather is of such a nature that bearish sentiment might predominate, except for the fact that there are so many artificial stimuli that nobody is very daring. It is generally conceded that with a comparatively high loan, there is not the same inducement to play the short side of the market, for the reason that large quantities of grain may be impounded again during the summer months. As an example of how little the calendar actually means when we are going through such artificial periods, we point to the fact that on February 23rd, when "The Voice from the Tomb" dictated a buying position, July wheat closed at 142 1/2, and it is practically at the same figure now, but, of course, everyone realizes that we have gone through a trying and uninteresting era, while neither long nor short has very much to boast of on the record, except that through temporary turns one or the other might have benefited for a time.

When the weather reports started pouring in this morning, they indicated that Nature had again been very provident. A few places had as much as three inches of rain over the week-end, but the important factor was that quite a few localities, which were previously skipped, had now been benefited, and thus the important sections of the winter wheat belt in the Southwest were treated favorably, We had one message from Amarillo, showing that the Texas Panhandle had been well saturated, and even Oklahoma, where the condition of winter wheat is probably worse than in the other States in that section, must have been relieved, as Oklahoma City had 4 1/2 inches of precipitation.

The trade, which could not entirely overlook fundamental conditions, construed this as somewhat bearish, and while the selling was not heavy, there were at least a moderate number of longs who liquidated positions, with the result that some of the artificial factors were temporarily set aside.

There has been a good deal of publicity on subsidies to hold down the cost of living, and some believe that this may extend to wheat. The purpose, of course, is to keep agricultural prices high enough to encourage producers but to give more consideration to the consuming public, and thus a great deal of government money may be spent in the fulfillment of such a program. It is actually more inflationary than if prices were to advance moderately, and we shall bring this out in later letters, quoting some of the eminent economists who have had experience in other countries where similar propositions had been tried.

Primary receipts were quite large at 2,224,000 bu compared with 1,761,000 bu last week, and only 710,000 bu last year. There was a delay in compiling the visible supply data; we believe the reason was the large influx of boats at Buffalo and due to bad weather conditions the grain was not all accounted for.

There appeared to be a fair amount of short covering in all pits, and some recoveries took place after the initial weakness. Wheat prices at the last were 1/4¢ a bu lower.

Oats and rye were under pressure at times, but the selling was not especially heavy, and the imports from Canada have had no marked influence upon the price structure. We understand that two more boats containing rye will shortly come down to this market from the head of the lakes.

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CHICAGO MERCANTILE EX.

CHICAGO

May 11, 1943

After the close of the market yesterday, the government report was issued, and it showed a reduction of 43 million bu in the prospective winter wheat yields. The largest decline was in Montana, where apparently the crop had come through the winter in bad shape, but this we feel will be largely offset by additional spring wheat plantings. Other reductions were pretty much scattered, but we feel that the beneficial rains have fallen since the government data was compiled, and, therefore, the final results may be larger than are now indicated. As a matter of fact, in most years the government estimates are lower in May than they are at harvest, and we give below some figures substantiating this statement:

WINTER WHEAT

	May		Final
1943	515 million bu	-	-
1942	646	703 million bu	57 Plus
1941	653	670	17 "
1940	459	588	129 "
1939	543	569	26 "
1938	754	688	66 Minus
1937	654	685	31 Plus

There was one year: namely, 1938, when a reduction of 66 million bu took place, but this was at a time when the first estimate was extremely optimistic, and later on adverse conditions set in. We, therefore, feel that with the improvement which has taken place, the picture is not too bad if normal weather is had from this time onward. For the time being, we shall, of course, have to be guided by the government figures, although next month it might be a different story.

Owing to the fact that subsidies and inflation are so widely discussed in Washington, we took the matter up with Dr. Melchior Palyi, one of the most prominent economists of this day, who is widely known in international circles. He studied inflation and lived through it in many of the European capitals; he was at one time economic adviser to the Deutschebank in Berlin. He explained that there are only two methods by which to combat inflation: the one is by not paying out additional incomes in the form of wages or profits. This is only natural since it would constitute excess purchasing power. On the other hand, if these moneys have been paid out, the second method is to take them back by taxing the income receivers. The President's recent "hold the line" order meant both of these, and it was merely a reassertion of his Labor Day announcements and of other promises of the same nature. Unfortunately, Dr. Palyi explained, there are those in Washington who wish to revert to the age-old methods of "asking the devil to drive out Mephisto." In other words, instead of facing the issue squarely, we are trying to escape it by pouring out subsidies. But subsidies are an inflationary device likely to do more harm than would an honest-to-goodness rise in commodity prices. It is true that rising prices create an inflationary psychology, which induces further rises. On the other hand, subsidies in order to hold prices down, such as the 2 billion-dollar fund announced last week, will finally create the demand for more subsidies, and, consequently, would add more and more fuel to the inflationary fire, which they help to postpone for a short time. The unfortunate part of the situation is that this subterfuge: namely, of subsidizing producers and processors, so as to keep prices from rising, does not even have the modest salutary effect which an "honest" price inflation would create. When prices rise nationwide, it is brought to the attention of everyone that we are infected by the inflationary bacilli. Subsidies, on the other hand, hide the ailment and permit political and economic "quacks" to "doctor around," thereby ignoring the real trouble.

Highest prices were made shortly after the opening. The trade, however, was dubious of the government figures for the reason that the favorable rains came largely since the first of the month. Therefore, with fair profit-taking and later on stop-loss selling, there was a quick reversal of trend, with final prices 1 1/8¢ a bu lower. When the leading cereal became weak, it affected the whole list, and declines were general, extending even to rye, where also the crop report had been given a bullish construction, but, of course, the large carryover is at least a bearish offset.

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CHICAGO

May 12, 1943

We feel that it is again time to take inventory of the wheat situation, including the loans, in order that our readers may be better able to understand what the future holds in store. There was 406 million bu wheat impounded from the 1942 season, which included 184 million bu stored on farms and 222 million bu stored in warehouses. According to the last report of the CCC, the liquidations have amounted to 106 million bu, still leaving 300 million bu frozen. The latter is subject to change, but it may take some time yet before all the figures on redemptions come in from the various county agents and banks, but for the time being we must bear in mind that about 163 million bu wheat which was in warehouses has been defaulted on loans, while 137 million bu remains on farms under loan, with the producer having practically another year in which to make up his mind whether he will pay off his obligation or turn the grain over to the government. It is, therefore, obvious, that at this time the government can actually count on only 163 million bu under their control, with possibly 50 million bu that they will still have on hand from previous seasons after the feeding program has been completed. Thus, they will really have a smaller stock of wheat to deal with than they had a year ago, despite the fact that very much more grain was impounded during the current season than a year earlier. We are giving this in great detail for the reason that about 300 million bu was handled this season by federal agencies from the 1941 and preceding crops in the distribution of feed wheat and for the manufacture of alcohol. Since there is only about 210 million bu now in the hands of the government, it is very obvious that we cannot repeat the same programs for the future. It has been claimed by many that our consumption at home during 1943-44 will run as high as 1,200 million bu, but from the figures just cited, it is quite apparent that this must be an extravagant statement unless we import several hundred million bushels wheat from other countries. Our normal domestic consumption, including reasonable requirements for feed, seed, etc., should not exceed 700 million bu, as in the current season, and since the government has only about 200 million bu actually under its domination, we may find that next year's utilization domestically will not exceed 900 million bu. Of course, exports might be larger, but any such grain would undoubtedly come from private stocks rather than from government holdings.

Having analyzed the May crop report, which was just issued two days ago, we find some rather interesting comparisons. Many of the decreases in prospective yields have occurred on the Pacific Coast, and are, therefore, not irreparable, for the reason that spring plantings may possibly offset some of the losses. In Oregon, for instance, the estimate is for a winter wheat crop of 9,635,000 bu compared with 17,841,000 in 1942. The State of Washington is destined to raise less than half as much, with a forecast of 21,781,000 bu vs. 46,880,000 bu last year. Montana, as we pointed out yesterday, fell down badly, and has a prospect for only 11,835,000 bu, while last season they harvested 34,731,000 bu. But, here again, a good deal of land may be plowed up and put into spring wheat.

Primary receipts today were about in line with recent runs, amounting to 1,302,000 bu compared with 1,041,000 bu last week, and only 686,000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 352,000 bu.

There was some further liquidation in the early dealings, but later it looked as though this urgent selling had about run its course for the time being, and moderate upturns took place. There are some complaints that the season is late, and temperatures are abnormally low for the middle of May, but on the whole we heard just as many good reports as complaints, especially in some of the sections of northwestern Kansas, western Nebraska, and eastern Colorado, where they had the recent rains. Many of these are heavy wheat producing sections, and one party told us that he did not see a bad spot in his travels. It is probably a fact, however, that warm weather is now needed for all crops, and especially for corn planting, which will soon be under way.

Last prices were about 5/8¢ per bu higher.

Rye also advanced in sympathy with the leading cereal, cash demand remains poor, and further deliveries are expected. Some of the cargoes from the head of the lakes have arrived already, and more are due here soon.

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CHICAGO May 13, 1943.

As the New York Times points out in a recent editorial, the politicians' paradise is to have (for a time) high prices for producers with low prices for consumers. They point out that it is not difficult to see why such a policy of subsidies seems at the moment the political path of least resistance. However, by even the most favorable view, it is absurd to talk of government subsidies, as some ardent advocates have talked of them as though they represented a primary weapon against inflation. The trouble is that they do not in the least deal with basic causes; it is like cleaning a room by sweeping the dirt under the bed, or postponing a flood by raising the height of the dam.

In any event, the trade was more interested this morning in weather reports, and a good many people had made purchases yesterday owing to the fact that temperatures were unseasonably low for this time of year, and it was feared that a frost during the night might affect some of the wheat in the winter wheat areas where the plant had already jointed. As a matter of fact, the weather was more favorable than had been expected, and while a few rains were reported in places, and elsewhere some mist, there was no frost of importance, with the result that realizing sales this morning took place at a time when our market was again poorly supported.

There are large tenders of oats for delivery, and this is again evidence of how quickly the cash premium situation changes when supply and demand are rather delicately balanced. It took comparatively few imports from Canada to bring about this change, and the result undoubtedly will also tend to make the farmers sell some of their oats, as often they are in a different frame of mind on a declining market, even though they hold on tenaciously while prices are firm or advancing. There also seems to be some more rye coming down from the head of the lakes. The Steamer Steel King is carrying 180,000 bu, and we understand that other cargoes are either in process of being unloaded or will arrive here shortly. This at a time when the cash demand is so poor shows that the market is largely a speculative one, and this also may change with a vengeance if longs try to sell their holdings.

We continue to get a reasonable amount of news from the Southern Hemisphere. Corn losses in that country are now estimated at 60%, with yields ranging anywhere from 4.5 to 13.5 bu per acre. In fact, many fields were used for pasturage. This again shows how dangerous it is in war time to curtail acreage, even when surpluses exist. Wheat seeding is expected to become general this month, and plowing has been active. According to Broomhall, the exportable surplus of wheat is estimated at 261 million bu. Planting in Australia has made good progress and conditions are generally satisfactory. Through the British Minister of Agriculture we learn that wheat has totally disappeared from the German loaf since February, and it now consists of 72% rye, 24% barley, and 4% potato flour.

Primary receipts were 1,519,000 bu compared with 1,302,000 bu last week, and 531,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 714,000 bu.

It was apparent from the start that the same eagerness for buying was not in today's market, but this was natural owing to the lack of frost. While the weather has not moderated to any appreciable extent, it is likely that the worst of the cold wave has passed. This is the first year in many that prices at the beginning of the season are higher than the loan price. Of course, we do not know accurately just what the loan will be, but it is assumed that on basis of last parity, $1.40 Chicago might be established. We doubt if it will be higher, as "rolling back" of prices might for a time hold parity levels in check. There have been many occasions when the weight of the movement gave us declines of 5 to 15¢ per bu under the loan; therefore, some caution at present must be exercised.

Oats were lower on the possibility of good deliveries, and rye was off, with more supplies coming down from the head of the lakes.

The Chicago corn-hog ratio is 13.8 vs 16.5 last year. Water seems to seek its level despite the artificial stimuli.

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CHICAGO May 14, 1943.

Farm pastures this year, although delayed by the cool weather in many sections of the country appear to be off to about an average start. May 1st condition of the country as a whole averaged 78% of normal, and while this was lower than in either of the last two years, it was somewhat above the 1932-41 average of 74%. Since these figures were compiled, there have been very copious rains in practically all parts of the country. Owing to the fact that many weather reports are restricted, or even in cases where the information is available it is only shown for a one-day period, we sometimes do not get the complete picture. We now have before us the weekly precipitation for many of the Southwestern States, and note that in Oklahoma there were three reporting points which received about 12 inches of rain, or practically one-third of a year's supply; consequently, the situation must be ever so much better than it was a fortnight ago. Any number of reporting stations showed from 2 to 4 inches, and thus even this State, which had been previously suffering, will undoubtedly show general improvement in agricultural conditions. Kansas was well visited with moisture except some of the western sections, particularly those extending southward, but even in the western division, with the exception of Garden City, there was fair relief, ranging as high as 1.62 inches of rain, while in the middle and eastern divisions, the fall was much heavier. It is, therefore, an optimistic outlook in view of the general feeding situation, with the large consumption of corn and protein feeds. The hay crop appears to have had about an average start, although loss of alfalfa during the winter was evidently heavy.

When our market opened this morning, there was some discouragement, and yesterday's action may have been disappointing to those who have held to the constructive side. We have a number of peculiar situations even with the small open interest. One of these is in rye. So far this month about 4 1/2 million bu has been delivered, but apparently it went to a group which has not yet been fully satisfied. The open interest has not declined in proportion to the deliveries, which indicates that further buying in the nearby future has taken place. With such a poor cash demand, and with huge quantities in the East offered at substantial discounts under the Chicago price plus shipping costs, we cannot quite see what the holders have in mind except that rye is selling far below parity levels. The visible supply keeps increasing, and therefore, all the talk about feeding is more fiction than fact. The new crop will be much smaller than last year's, but about of average size, and the developments in this cereal will be interesting and may later have an important bearing on other grains.

In forty-four weeks we have exported close to 19 million bu wheat and flour; consequently, this season will go down in history as one of the smallest in recent times, even though most sales were made under subsidy. Canada in forty weeks has placed about 150 million bu afloat, and her main customer has been Britain, although from this period onward the United States may take larger quantities for feeding purposes and thus relieve what might otherwise be termed a rather unhealthy condition. We say this for the reason that their net supplies on August 1st were 872 million bu, after allowing for extra home consumption for feeding purposes, and have also taken into account seed, etc. So a very large reserve is bound to be on hand before another harvest.

Primary receipts were somewhat smaller at 1,166,000 bu versus 1,417,000 bu last week, and 816,000 bu last year. Kansas City stocks for four days decreased 291,000 bu. There should be a fairly large shrinkage in the visible supply on Monday. Last year it amounted to 2 1/2 million bu.

After early weakness, some recoveries took place. There was no special feature, and at the last wheat prices were 1/2 to 3/4¢ per bu lower.

Oats rallied, and the bulls felt that deliveries are being well absorbed. However, during the past week imports from Canada amounted to 4 million bu, and we would not be surprised to see further tenders.

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May 17, 1943.

A few weeks ago fears were expressed that drought conditions might cut prospective wheat yields, but there is hardly an important area now that has not been well relieved. We do not mean to intimate that all sections of the country received equal amounts of moisture, and there may be some of the western parts of Nebraska, Kansas, and Oklahoma, as well as the Texas Panhandle, that did not fully share in the general improvement, but for the most part progress of the crop is fairly good. In a large southwestern portion of the belt, extending from northern New Mexico and eastern Colorado eastward to Arkansas and Missouri, generous to excessive rains have effectively relieved the droughty conditions except locally. The rains were especially timely in southern Kansas, where the crop is heading, while much improvement is expected in Oklahoma wherever wheat escaped previous drought and greenbug damage. Some floods have been reported, but thus far cover a comparatively unimportant percentage of the total.

When our market opened this morning first prices were slightly lower. There was no special news overnight except that the government now showed that 62 million bu wheat owned by the CCC is contained in steel and wooden bins, as of April 1st. With this upward revision of 14 million bu, we find that total stocks in all positions, as of that date, amounted to 900 million bu compared with 810 million bu a year ago. The trade is not paying much attention to statistical changes, for the reason that many feel our consumption will continue abnormally large, and that vast quantities of wheat will again be needed next season for feeding purposes. Others point out that when the war is over, a huge European demand will spring up. However, the lesson of what happened to our agriculture following the first World War should not be forgotten. In the coming post-war period, it may be found that surpluses are still our outstanding farm problem, and that this war has supplied only another interlude. Others who are bullish (and there is a large school of thought embracing that condition) hold to the inflationary aspects at some future date. It is true that during this war a much greater restraint is imposed on spending than during World War 1, but likewise there is a far greater curtailment of civilian goods, and thus the accumulation of demands may be released with a vengeance during the post-war era before industry is prepared to supply goods in the volume that they are desired. This, of course, may lead to a very rapid price rise later on.

Primary receipts were fairly large at 1,729,000 bu compared with 2,224,000 last week and only 880,000 bu last year. Stocks at Chicago decreased 367,000 bu leaving only slightly more than 4 million bu here. This has been responsible for keeping the nearby position fairly strong compared with other months. There was another delay in getting the visible supply data together, and up to the present time, we do not have the final compilation.

Our market was mostly firm but trade was again light. However, it must have been better than on Saturday, when only 2 1/4 million bu changed hands in the whole pit for all four futures. However, there does not seem to be any definite trend, although a number of people are of the opinion that if the coal miners receive some concessions, the Bankhead Bill may be brought to life again, and while the farm bloc has remained in hiding for some time, they still have their ideas on higher prices for the producers. Final prices were 1/4 to 5/8¢ a bushel higher, with July wheat gaining somewhat on the September and December futures.

Corn planting has probably been further delayed by additional moisture, but the use of hybrid seed does not make this situation as urgent as in the past.

There seemed to be a better feeling in oats, also due to the fact that this is a late season. Final prices showed good gains over the previous session. Otherwise, there was little feature.

Rye in sympathy with the general upturn, was quite firm. Deliveries seem to be going to the same parties who took in a good deal of grain earlier in the month. The cash demand does not seem to show any improvement of importance.

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CHICAGO May 18, 1943.

A few weeks ago dry weather reports were on everyone's mind. The Robinson Elevator report, estimating the winter wheat production for Kansas at 169 million bu, was careful to state that their figure could be maintained only if timely rains were had, and we believe that this was the feeling in most parts of the belt. As conditions are at the present time, the rains have been almost incessant, although there have been a few areas in the western sections where relief has been inadequate. The daily reports seem to indicate that those sections which have been repeatedly visited by precipitation are getting more; Amarillo, in the Texas Panhandle, reports heavy rains, which are the start of relief, although western Oklahoma, Kansas, and Nebraska have fared badly during this period of wet weather. Nevertheless, we feel quite certain that when the official figures on crop production are released next month, there will be a good deal of improvement noted, and from our own observation, we have hardly ever seen a year when excessive moisture during the first half of May had taken heavy toll, even where floods occurred or where bridges were washed away, and for that reason we take lightly some of the comments presently being made that there has been an excess of moisture. In most years, even when the farmer comes to the conclusion that there has been too much rain, he has just about had enough, and later on, when warmer weather and sunshine prevails, we think that he will look back with great satisfaction upon this period.

In the meantime, the War Food Administration is trying to find ways and means to boost the wheat crop by increasing the acreage. It is intended that 20 to 25% more land be devoted to wheat in 1944, without curtailing the output of such articles as corn, flaxseed, soybeans, peas, and other necessary crops. Considering the high price now prevailing, we feel there will be no difficulty in accomplishing their aim, particularly since wheat acreages from the peak have been so sharply cut, and at one time we had about 80 million acres sown. Also, corn production, through the payment of bounties, was greatly reduced, so that granting that some shortages in farm labor exist, we should not be at all surprised to see these increases brought about. It is officially estimated that 600,000 workers rushed back to farms between March and April due to the promise of draft exemption. Farm employment, now 9,600,000, is at the highest level since 1940; is adequate for most purposes, and is still rising.

In discussing some of the farm programs, the American Agricultural Institute has some rather interesting comments. They say that "the AAA did not cause scarcity but rather that it had the opposite effect, though it was trying to cut down production, and its success in peacetime depended upon its being able to do so. Its failure in this respect was due to a basic fault in its mechanism." They point out that "you cannot control production by merely controlling acreage, unless you actually cut the acreage to a point at which a crop failure would cause serious shortages. On the other hand, if you allow enough acreage to assure adequate supplies and pay parity or make loans on all that is produced, you encourage surpluses, and in time you break the treasury." They also add that "the framework of the AAA might be useful in further emergencies, provided the faults and weaknesses disclosed by its operations to-date are corrected. The experiment has been worth something, not $8 billion, but something."

Primary receipts were of fair size, amounting to 1,560,000 bu compared with 1,649,000 bu last week, and 924,000 bu last year. Kansas City and Minneapolis so far this week show a net decrease of 431,000 bu.

Crop news was generally favorable, despite the cool weather. One of our friends from Minneapolis told us that most of their stations reported from 1/2 to 1 1/2 inches of moisture during the past week; all parts of the territory were well supplied at present, and he thought with a few days of good warm weather the whole Northwest would look like a garden spot.

Prices in all pits were firm. There seems to be little pressure of consequence, and while the milling demand continues slow, there apparently is sufficient local buying to take any slack out of the market. Final prices were 3/8 to 3/4¢ per bu higher.

May oats were very strong, and there are only three trading days before this future expires. The open interest is still quite large at 3 3/4 million bu. Therefore, we assume that more deliveries, possibly on imported oats, will take place.

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CHICAGO May 19, 1943.

The Bureau of Agricultural Economics in their May report were somewhat pessimistic, and gave the indicated 1943 winter wheat production as only 515 million bu, which was the smallest since 1935. They stated, however, that subsoil moisture supplies, while below those of last year in the Western Great Plains area, could with moderate replenishment carry the crop to harvest. Weather during April had been rather disappointing, since it was both cold and dry. This retarded wheat growth and reduced moisture reserves, but we would say at the present time that offsets in practically all districts have taken place. The past week was again unfavorably cold over northern and northwestern parts of the country, while there was too much rain in the broad belt extending from Oklahoma northward and northeastward over the Ohio valley. However, in the Ohio valley itself, the crop made mostly fair progress and is beginning to joint in southern sections. We always pay more attention to Kansas than to other States, for the reason that in an average year the production is almost equal to one-fourth of our normal home consumption. Therefore, it is rather encouraging to see the weekly weather and crop report, which states that condition in that State is now "good to very good," despite poor progress. One could almost be in Australia and come to the same conclusion just from reading the daily weather data, but by the same token would have to agree that in some of the far western sections insufficient precipitation will give us poor yields unless improved weather is soon at hand. Progress has also been good in Oklahoma, except only fair in the Panhandle, where the soil is becoming dry. Thus all indications point to a more optimistic report when the June figures are released by the government.

In the spring wheat areas seeding has been recently completed, at least in the Dakotas, and much of it is now up to excellent stands in North Dakota. The latter State, likewise, is the important one to watch in the Northwest, because any material improvement or setback would have an immediate bearing upon the spring wheat production, for the reason that this State, like Kansas, has a big acreage. Taking crop conditions on the whole, sunshine and growing weather are now being awaited, and this is probably even truer with relation to some of the other crops, such as corn, oats, and soybeans. There has been very little corn planted in the principal producing areas; in fact, field work has been at a standstill because of the heavy downpours, but it is at least fortunate that by using hybrid seed the crop matures more quickly; therefore, the fall frosts may not be so dangerous as in former years. There will undoubtedly be districts where the oats will have to be re-seeded, but to offset this there are thousands of acres which have benefited by the fine soil conditions. Consequently, a few weeks of growing weather may bring more cheer to farmers than is being experienced at this writing.

Primary receipts today amounted to 1,059,000 bu, which was smaller, and compared with 1,302,000 bu last week, and 633,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 583,000 bu.

Markets were rather firm early in the session, but with the inherently bearish situation in rye, and more being imported from Canada, also the poor cash demand, the latter cereal sagged to some extent. We understand that today another cargo from Canada has been worked to come to Chicago, and this news, plus the fact that about five ships are bringing oats down from the head of the lakes, caused a reaction in the May delivery after new high prices on the present move had been recorded. Wheat finally yielded but nothing very much.

There are still figures coming in that CCC redemptions were larger than originally reported, but this had very little market effect. Final wheat prices were 1/4 to 1/2¢ a bu lower.

We feel that much of the buying in rye has been of a speculative character. Unless there is further crop damage or an improvement in the demand, we feel it is rather hopeless to try to bull this cereal.

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CHICAGO MERCANTILE EX.

CHICAGO

May 20, 1943.

Those who have been supporting the idea of subsidies claim that it will cost from 300 to $500 million each year. If this is all that is expected from such a program, it will be a comparatively minor measure in its effect upon production or inflation. It is highly imaginative for anyone to think that as little as $300 million spent in such a manner will plug an inflationary gap to the tune of $30 billion. In other words, it is expected that every dollar will do the work of $100. Of course, nobody feels that once we embark upon the policy of subsidies, it can be held down, but rather it is likely to grow in all directions. As we have pointed out in earlier letters, the great political and economic danger of governmental subsidies is that they postpone the appearance of inflation while building up the reality. Whether we consider the policy wise or not, it is undoubtedly true that the payment of moderate governmental subsidies for certain special purposes is capable of playing only a secondary and minor roll in the battle against inflation. Congress has repeatedly refused to authorize subsidies but if they are now adopted through means of the RFC, the President is merely by-passing Congress, but we believe that on a matter of such vital importance he will finally have to secure the consent of both legislative bodies.

When our market opened this morning, the same factors were still with us. More moisture had been reported and was fairly general, although Southwestern sections received less than other parts of the country. It is probably true that where lands are flooded, a fair amount of damage will follow. But to offset this loss in acreage, there must be other thousands of acres which have benefited materially, by virtue of the fact that subsoil reserves have been replenished, and we could easily imagine that through this improvement several bushels per acre might be added to the wheat crop in the better and more favored districts. There was a little firmness at the opening owing to reports that the average wheat loan on the farm might be established at $1.25, which would be approximately $1.43 Chicago. This raise of 11¢ over last year's loan would undoubtedly have to have the approval of the OPA and of Chester Davis. Therefore, some uncertainties still prevail, although a definite announcement might be forthcoming shortly. There were also advices from Canada to the effect that our government was prepared to purchase Canadian wheat to take the place of American wheat or flour sent to overseas areas where liberated peoples had to be fed; also, for prisoners of war and to the rapidly increasing United States armies moving out of Britain to the fighting zones. This apparently did not surprise the trade in Winnipeg, as the Chairman of the Canadian Wheat Board said that the arrangements had been pending ever since his visit to Washington last April.

Forty-five weeks of the crop season has passed, leaving only seven weeks until we start on the new harvest. Less than 20 million bu of wheat and flour has been exported. In a four weeks' shorter period, Canada has shipped 159 million bu. Since opening of navigation Canadian oat clearances have also improved with 8 million bu having been sent to the United States, and apparently more under contracts for near shipment.

Primary receipts were 1,156,000 bu compared with 1,519,000 bu last week, and 914,000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 878,000 bu.

Our market was quite firm, but trade was again light. Yesterday there was about one million bu more oats traded than wheat, which is rather exceptional. Final prices were 3/8 to 1 1/4¢ per bu higher, led by May wheat. Outside markets lagged.

The strong demand for feed during the first quarter of this year resulted in a 14% greater disappearance of corn than a year ago, and a 23% greater disappearance of oats. Total stocks of corn and oats on April 1st were about 6% larger than on the same date 1942. The government forecast that the corn carryover next October will probably be somewhat under 500 million bu, and that the carryover of oats next July will approximate 225 million bu vs. 195 million bu a year ago.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

May 21, 1943

Much attention has been attracted to the rather heavy rains of the past ten days. The moisture in the Southwest has been more than welcome, and practically all spots have been adequately relieved, with the possible exception of a limited area in southwestern Kansas and parts of the Texas Panhandle. In the Central States newspapers have carried accounts of devastating rains and floods, and while undoubtedly some damage has occurred, other sections have been benefited. A. J. Surratt, Agricultural Statistician, speaking for Illinois, states that despite an abnormally wet May, Illinois, which has had six years of bumper crops, still can have a good crop in 1943. He points out that in normal years, the farmers of Illinois have planted their corn by May 20th and have started to plant soybeans. He estimates that only about 8% of the State's corn acreage has been planted, and some of this will have to be replanted and the rain-packed fields re-worked. With the hybrid seed now so generally used, however, germination is much more rapid than in former years. Possibly more damage has been done to the oat crop, which is seeded earlier. Undoubtedly, Indiana has suffered more than Illinois, but Iowa's prospects are very favorable.

Canada will no doubt come in for more attention in our markets, as apparently we are more dependent upon them for some of our supplies in connection with our feeding program. It also seems from talk that is circulating in more or less semi-official quarters that our Northern neighbors will be counted on to furnish wheat for our part in relieving the food shortages in liberated countries and the feeding of our forces abroad. So far, the crop season in Canada is quite satisfactory, and wheat seeding in the Prairie Provinces, according to Sanford Evans, is about 65% completed, with 30% of the coarse grains already in the ground. Their soil condition in general is good, and germination has proved satisfactory. Intentions to plant show quite a reduction in food crops. It is estimated that intentions to sow wheat will amount to 16,320,000 acres, or about 79% of last year's sowings for the three Prairie Provinces. The rye acreage intention is approximately 720,000 acres, only 58% of last year's sowings. However, other crop acreages are expected to be expanded, with 11 1/2 million acres going into oats, and an increase of 19% over last year; 7 1/2 million acres of barley, an increase of 17% over the past season; and in flax an area close to 2 1/2 million acres will show an increase of 70%.

However, to offset some of these reductions, there are still enormous surpluses of Canadian grains from last year, as they had such phenomenal yields. For example, the yield per acre of wheat was 28.4 bu compared with the ten-year average of 13 bu; oats yielded 52.6 bu per acre compared with an average of 23.1; barley was 39.8 compared with the ten-year average of 19 bu per acre. The flax yield was 11.4 bu per acre compared with 5.5, while rye yielded 19.8 bu per acre as against the long-time average of only 9 bu. In reviewing these extraordinary yields of last year, it would seem that even with expanded acreages of feed grains, it cannot be expected that this year's crops will be as large as in 1942, but with average weather from now until harvest, coarse grains should show substantial surpluses, and the total supplies of Canada should afford a tremendous reservoir for shipments to the United States, and would still be of large enough proportions to tax the transportation facilities available for movement of these grains.

Primary receipts were 926,000 bu compared with 1,166,000 bu last week, and 798,000 bu last year. So far this week Kansas City and Minneapolis stocks show a decrease of 1,037,000 bu, which suggests a somewhat larger shrinkage in the visible on Monday than a year ago, when the decrease was 1,150,000 bu.

Our market lacked any particular feature, with evening up of May contracts on the last trading day. May wheat showed some independent strength. At the close July was 1/8¢ per bu higher.

May oats finally suffered from last minute liquidation and at the close sold at slight discount under the July.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO May 24, 1943.

Deliveries in settlement of May contracts are still taking place, and as near as we can figure there is about 184,000 bu wheat still to be tendered, 426,000 bu oats, and 323,000 bu rye. Prior to the last trading day, the open interest in these **three** grains was comparatively large, but yet at the expiration of trading, everything seemed to close up rather quietly, and apparently a sufficient amount of oats and rye came in from Canada to take care of the speculative longs. May futures are always interesting from point of view that they embrace a longer trading period than any other delivery month, as so often transactions start in August and continue for a nine-month period. There are all kinds of minds trying to figure out what the situation will be at the tail end of the season. In wheat there have been very few occasions when a carrying charge did not prevail from May to July when the reserve stocks on July 1st amounted to 150 million bu or more. The "Wheat Studies" made by Stanford University showed one exception during the Farm Board era, and, of course, now we have had another one owing to the fact that an artificial situation has been built up through the operation of a loan. To make it worse, the CCC bought fair-sized lots of Chicago wheat from local elevators last week at a time when our stocks had been reduced to about the lowest level in months, and this accentuated a moderate amount of tightness; it might have been partly avoided if the grain had been bought in other parts of the country in which greater surpluses had been built up. As the Weekly Government Grain Market Review has so aptly phrased it, "Stocks as a rule are light here and the market is rather sensitive to any purchases or sales." As it turned out, the covering of hedges gave us a little comparative strength, which might otherwise not have been the case.

Sentiment in today's market was again slightly bullish, for the reason that the line of least resistance seemed to be on the constructive side of the market. It took only moderate buying on Saturday to boost prices in rye, oats, and wheat, and, of course, there can be no new pressure in wheat until we get closer to the crop movement, unless some of the farm-stored wheat would be liquidated on loans which are still outstanding.

There was general moisture reported in many parts of the country. The Southwest was again favored, and even some of the drier sections were visited. We have in mind, Amarillo, where one-fourth inch fell since Saturday night, and precipitation also occurred in southwestern Kansas. In the Northwest, after several days of dry weather, there were again some reports of light showers and rain in eastern North Dakota and along the Soo Line on the Minnesota division, and some fairly light but general rain yesterday along the Winnipeg division. With the papers stressing flood conditions in many states, some, who a while back were apprehensive of the drought, are now asking whether the rains will ever cease. It reminds us of the farmer who had once been asked whether it would ever stop raining, and his answer was, "It always has in the past." It is our own conviction that while some damage is taking place in the lowlands, elsewhere great improvement has taken place.

The visible supply was again late in being posted, but a very large shrinkage is taking place again this week owing to the fact that a lot of empty space is being created in various parts of the country through the feed wheat program. Elevators are loading out almost every day wheat testing rather high in protein, and this is being shipped by the CCC on feed wheat orders. In Kansas City, for instance, there must be room for about 16 million bu of wheat in the various houses, and in view of the additional unfilled loading orders, this may be increased to 20 million bu between now and the first of July.

After some early purchases were made, markets reacted slightly; wheat actually closed 1/4¢ per bu lower.

Rye was quite strong from start to finish; it yielded some ground as disinvestments occurred; undoubtedly the highest price level in several months was responsible for some of the selling to secure profits.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

May 25, 1943

The Chairman of the Soviet Delegation to the United Nations' Food
onference was asked yesterday whether Russia was getting the require-
ents necessary to maintain her war effort, and his answer was negative.
r. Krutikov stated that food was needed now, both for the Red Army
nd the populations which that Army is liberating. They will need food
elief during the entire period of restoration after the war. He em-
hasized that Russian agriculture in the devastated regions would re-
uire much time, great effort, and adequate financing, and that con-
equently, Russia would require from the Allies and friendly nations
good deal of help.

This statement was construed in a bullish vein, particularly with
eference to rye, and there may have also been some buying in Winnipeg
heat futures owing to the fact that our Northern neighbor is selling
er grain at big discounts under us, particularly if the 10% exchange
s taken into account, which actually makes their wheat about 90¢ a bu
n terms of American money, or about 54¢ cheaper than ours.

There was little other news, and while some rains had been re-
orted, drying conditions were more or less general except for the
orthwest, but at least in the latter territories rains now are con-
idered very beneficial. Weather during the past week in the spring
heat districts has been about all that one could ask for. Tempera-
ures generally ranged in the 70's, and there was very little wind.
his is construed as ideal for the growing crop. There was really no
ecent precipitation until about two days ago, and since there are a
ew spots in north central North Dakota, and also, in eastern Montana
hat have been denied ample precipitation, the moisture of today
hould be more than welcome. However, there have really been no com-
laints up to the present time. The spell of clearing weather had
llowed seeding to progress in the late districts, and most of this
as now been accomplished. It also takes in the corn and flax areas,
nd in this respect it is a healthier condition than in the corn belt
here the delays due to floods and excessive rains have kept farmers
rom their fields. We have the feeling that while the delays may be
urdensome due to inadequate labor supply, this situation is not as
ad as some fear. The total number of persons employed on farms May 1st
as 10,492,000. This is actually a decrease of 304,000, or about 3%
ince a year ago, but it represents an increase of 1,184,000 from
pril 1, 1943. Reports indicate that selective service regulations
ave considerably relieved apprehension regarding further loss of farm
orkers. As a matter of fact, some experienced farm workers are
eturning to farms from non-essential work, and some men over thirty-
ight are returning after release by the army. Furthermore, towns-
eople are also being utilized through community farm labor programs
n some areas, and it is believed that this kind of help will reach
ts maximum effectiveness at the peak harvest season. Of the approx-
mate 6 million farms in the United States, nearly one-third are sup-
lied with tractors, with 1.9 million of them in use, but it is still
fact that work animals supply over half the drawbar power used on
arms.

Primary receipts were 1,543,000 bu --very much the same as last
eek, when they amounted to 1,560,000 bu; a year ago they were 1,246,-
00 bu. Kansas City and Minneapolis stocks so far this week show a
et decrease of 132,000 bu.

There was considerable strength in all pits. Rye was the leader,
nd this seemed to lend encouragement elsewhere, but in wheat there is
minimum amount of pressure at the moment, and with bullish sentiment
inal prices were about 3/4¢ per bu higher.

Oats were strong, and with prices of most of the high protein
eeds at ceiling levels, demand seems to keep up. Rye has gained a
ood number of friends on the theory that larger quantities will be
ed, and possibly exports may enlarge. In connection with the latter
t must be remembered that Canadian wheat in terms of our money is
ctually cheaper pound for pound than 56-pound rye in our market,
nd if Russia should require large quantities the price might advance
eyond the point where it would be attractive unless our government
ould get it into foreign consumption under lend-lease arrangements.

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CHICAGO MERCANTILE EX.

CHICAGO May 26, 1943.

For more than a decade attainment of economic equality for agricultural products has been one of the major objectives of the federal government. In the original Agricultural Marketing Act of 1929, under the declaration of policy, it was stated, "To be the policy of Congress to promote the effective merchandising of agricultural commodities in interstate and foreign commerce , so that the industry of agriculture shall be placed on a basis of economic equality with other industries." Later in the Agricultural Adjustment Act of 1933, the term parity was used, as well as in the revised Agricultural Adjustment Act of 1938. The adoption of parity as a standard for prices of agricultural products was part of the comprehensive adjustment program, which included acreage adjustments, commodity loans, marketing quotas, marketing agreements, and surplus disposals. The essential purpose of parity was to make available to producers a continuous and accurate measure of the fair exchange value of the products of their labor and capital, thereby assisting the farmer to meet changing economic conditions. It was hoped through acreage adjustment and controls that the producer would finally be able to attain these objectives and his proper economic status without government aid or subsidy.

According to the government's own figures, many prices now prevailing are actually above the parity price. As for example, a bushel of potatoes brings 166.8¢, while parity is 117.2¢; 100 lbs of cattle are worth $13.03, while parity is $8.78; 100 lbs of hogs $14.35, while parity is $11.78. The present market price for lambs is $13.88 as against a parity level of $9.53. Wholesale milk is $3.02 vs parity of $2.43; butter fat commands 51.3¢ against parity of 42.2¢. Live chickens per lb are 24.6¢, with parity 18.5¢. These comparisons could be carried on to a great number of other articles, but in wheat, which is presumably the staff of life, and on which ceilings are now being seriously discussed, the April 15th price on an average for the country was 122.3¢ a bu, while parity on the same date amounted to 143.2¢ a bu. It is rather difficult for many to understand why after so many years of planning and effort on part of political groups, legislative bodies, and agricultural administrators that so much fear is being expressed that if the goal of the past fourteen years is attained, great harm might be done to our economic welfare.

Reports of progress of the crops remain somewhat mixed. The government weekly bulletin states that winter wheat showed some improvement in the eastern Ohio valley, but progress was only fair in central and western parts, with considerable damage resulting fromflood conditions, but where not washed out, the condition is poor to good. Conditions are good in Missouri but only fair to good in Oklahoma. Improved conditions are reported for most of Texas, with the crop ripening rapidly and harvesting started in the most advanced sections. For Kansas, the government reports that wheat is generally headed but growth is slow and unfavorably affected by excessive moisture in the eastern part and dryness in the western third. In the spring wheat territory, it was reported that seeding is nearly completed in northern sections and crops are looking well in most localities. The Kansas weekly report states that weather was unfavorably cold but that there was no damaging freeze.

Primary receipts were 1,262,000 bu compared with 1,059,000 bu last week, and only 528,000 bu a year ago. So far this week stocks at Kansas City and Minneapolis show a total decrease of 294,000 bu.

Flour sales are extremely dull, although this is usually the quiet time for the booking of new business. There was no particular overnight developments in wheat, and coarse grains again were responsible for the activity in the market. At the close July wheat was 1/8¢ per bu higher.

Trade in rye has again broadened out; yesterday the total volume was slightly over 14 million bu as compared to only 4 1/2 million in wheat, and a little over 2 1/2 million oats. Some enthusiasm was displayed over the fact that the government has withdrawn further offerings of feed wheat, and many traders figure that this will cause a greater demand for rye.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

May 27, 1943.

While detailed information is not forthcoming on the international conference being held in Hot Springs, undoubtedly some of the pitfalls which beset conferences in past years are being avoided. There seems to be some thought expressed of expanding our theories of an "ever-normal granary" to a world scale. It is hardly necessary to point out that our own domestic attempts to stabilize and to establish an ever-normal granary would have ended with catastrophic surpluses of cotton and wheat had the war not changed the aspect. Any thought of a world ever-normal granary must, of course, entail international management and be utterly free from any political influences. We have seen in this country how difficult it is to eliminate that factor. When the policy was first adopted of making loans to agriculture, the thought behind this move was to furnish a floor to prevent unduly depressed prices, but through the exertion of pressure these loan values were continually raised until the normal channels of trade were disrupted. The interests of the exporters and producers, and importers or consumers, are not always identical. The price mechanism in commodities in the past may have caused prices temporarily to decline too far or to advance too high. But the function of prices in our past economic system was a force which would move things into sale and consumption on one hand and stimulate production on the other. As one source has pointed out, the correlation of that function is that prices must also prevent an overproduction. We have witnessed in this country how efforts at stabilization have not prevented overproduction, but led to a storing up of surplus supplies, which would finally have deluged the market had not the war altered the situation. Whether any international agreement involving many nations could be kept free from national political influences more successfully than we were able to accomplish in one country, among one people, remains to be seen, but the success of such planning does appear rather dubious.

The Canadian grain movement is usually divided into three periods: the first period from the beginning of their crop year to the close of navigation on the Great Lakes; the second period is during the close of navigation; and the third period from the opening of navigation to the start of the next crop year. Sanford Evans has just released some interesting information regarding the second period: namely, from December 18th to April 16th. He points out that visible stocks of all grains on August 1st, plus the Prairie farm surplus, after deducting seed and feed, totaled 1,438 million bu, of which only 255.9 million had disappeared up to April 16th, indicating a rate for the year of only 359.8 million, which would indicate an enormous total surplus of all grains. Our northern neighbor is well equipped to meet any demands for overseas shipments or for feed grains to this country.

While information emanating fromEurope regarding crops is not as easily obtainable as in pre-war days, reports to Sanford Evans seems to indicate that unseasonably cool weather has recently retarded growth of some crops, but that the outlook generally in Western Europe is still considered satisfactory, although both Evans and Broomhall report that dry weather in the Balkan countries is threatening the new crop and that the potential yield is being affected. From the Argentine we hear that favorable soil conditions during the past weeks have accelerated wheat seeding and that there may actually be an increase in the acreage planted to wheat.

Primary receipts were 1,458,000 bu compared with 1,156,000 bu same day last week, and 732,000 bu last year. So far this week Kansas City and Minneapolis stocks show a combined decrease of 530,000 bu.

There was again very little interest expressed in wheat, and no signs of any revival of milling demand. Some beneficial showers occurred in the Texas Panhandle. The Texas State Crop Bulletin states that crop prospects have been materially improved by rains which covered much of the State. At the close July wheat was 3/8¢ per bu lower.

The rye pit, which was moved today to larger quarters, again enjoyed the greatest amount of attention, although some liquidation was noticeable. In oats the more distant months were under some liquidation. With shortage of feeds being felt in this country, it is interesting to note that Argentina is using linseed for fuel, and is contemplating an increase in their acreage for further fuel and mineral oil usages. There were about 800,000 bu of oats arrived in Chicago today by boat.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO

May 28, 1943.

There can be no doubt in the minds of the majority of people that total war brings disruptions in the normal conduct of life. Whether other objectives than those dealing directly with the war effort can be accomplished during a global conflict is a matter open for discussion. In the midst of a rather critical time for the feed industry, the American Feed Manufacturers are concluding their thirty-fifth annual meeting. Mr. J. A. McConnell, Chairman of the Council, stated that they had to deal with a serious protein animal feed shortage, resulting from the national food policy, which set goals of maintaining a peacetime diet at no increase in cost to the consumer, actually raising living standards of the "so-called lower third," providing vast quantities of meats, fats, and dairy products to the allies, and using food to keep neutral nations out of the axis' scope, and to rehabilitate territory already recaptured. He further points out that in an attempt to carry out its operations of large meat shipments to the allies and high quality diet for civilians, the government has expanded the livestock production far above the nation's capacity to produce the necessary feed.

Formerly, the size of our animal crop was regulated to a great degree by the amount of available feed. There was a well known saying that when corn was plentiful it was fed in buckets, and when scarce in teaspoons. The expanding of our animal production followed a period of planned contraction of corn acreages, although in 1942, despite the reduction of land sown to feed grains, we were blest with plentiful crops. In normal times, industry consumes whatever corn is necessary for human consumption. With the ceiling price on corn and no restrictions on hogs and cattle, very little corn is now available to the industry, and if present conditions should be maintained, there will be a serious curtailment for human beings. Had ceilings been put on animals, instead of on corn, the price would have adjusted itself, so that corn could be used for feed and human food as well. The present situation in which we now find ourselves, with shortages of high proteins and feed grains not available, is due largely to the fact that we did not plan the increase in feed before attempting the increase in animal population. It is a good deal like landing a million soldiers on the shores of Africa without having provided for their food, ammunition, and guns. With the acute shortage in proteins, it would seem that some plan would be feasible to import some of the linseed from the Argentine, which is now being used for fuel, and give them some coal in exchange.

While the CCC has withdrawn their sales of feed wheat, undoubtedly to check their records, it appears as though they still have a limited quantity of which to dispose, although we cannot concur with some thoughts expressed that 300 million wheat will be available for feeding, provided proper congressional action is taken. The CCC came into possession of 160 million bu of warehouse wheat from the 1942 loan and 10 million bu from the farm. Apparently they also have some from previous seasons. According to the final figures of that Corporation, as of April 30th, there was 135,358,251 bu against 1942 farm loans. These loans still have a year to go, and unless there should be a considerable advance in the market, it does not appear as though this entire quantity will be available for feeders unless the loan should be called.

Moisture in the three Prairie Provinces in Canada has run a little under normal since April 1st. Searle Grain Company of Winnipeg states that considerable rain has occurred since May 24th, and points out that the growing season's precipitation, combined with the previous fall rains, shows a total of 92% of normal for Alberta, 101% of normal for Saskatchewan, and 107% for Manitoba.

Primary receipts today totaled 1,189,000 bu compared to 926,000 bu a week ago, and 767,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 667,000 bu, suggesting a larger decrease in the visible supply for the week than the year previous when it declined only 202,000 bu.

Wheat is being neglected, and total trade yesterday was only slightly in excess of 2 million bu. Trade is awaiting announcement of the new loan prices, which have been delayed. Crop conditions continue favorable. At the close July wheat was 3/8¢ per bu lower.

Rye again had the center of trade. The volume of trade is now much larger than in wheat. Yesterday the open interest increased about one million bu, mostly in the December delivery, suggesting that possibly some of the recent cash taken in on delivery might be finding

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 1, 1943.

The question of wheat distribution is still very important to the major exporting countries owing to the fact that Britain continues to be the only large European importer. Acreage in Australia has shown a steady reduction during the war, and last year the sown area was 15 to 20% below the previous season, and possibly a somewhat smaller area will be permitted for the coming year. With the shortage of labor and difficulty in securing replacement parts for farm machinery, and also, a wheat storage problem, farmers seem satisfied to cooperate with the government's desire for smaller crops. In Canada we find that wheat acreage is being contracted and the total seedings for 1943 indicate that only about 17 million acres will be planted, which would be a reduction of 21% compared with last season, and a cut of about 11 million acres from the peak. However, a recent Canadian survey shows that the land taken out of wheat will be shifted mainly to oats and barley, and apparently feeding operations will be stepped up wherever it is possible.

In our own country, we are trying to meet the problem in much the same manner. During the past year we will have consumed about 225 million bu wheat for feed in addition to normal quantities which farmers fed, and this in spite of the fact that an overwhelmingly large corn crop was raised. The WFA officials are fully mindful that the floods in the mid-west have seriously upset the cropping programs, which farmers in those areas had planned. In order to encourage maximum food production in the face of such weather handicaps, including a late and wet spring, certain modifications of the AAA program are planned. It was formerly prescribed that certain deductions in payments would be charged to farmers who failed to plant at least 90% of their war crop goals. The present changes provide that in areas where hay and pasture goals have been established, and in the high plains areas of Texas and Oklahoma, the deduction will apply only to farms on which county AAA Committees had decided that abnormal weather conditions had not interfered with achieving the corn crop goal of farmers. Wherever it is practicable acreages in excess of present goals should be planted to flax, soybeans, peanuts, dried beans and peas, potatoes, sugar beets, and canning crops. In other words, farmers throughout the nation are now free to make any number of adjustments as are necessary to plant the needed crops adapted to their changed conditions, but may still qualify for such payments as had previously been made available.

Over the extended week-end, May parity prices were announced. For wheat, they amounted to 144.1 per bu. This suggests a price of about 140 1/2 at Chicago for an 85% of parity loan, or somewhat less than present market prices. It is the first year in many that such a situation has existed. Of course, in trying to forecast the probable July parity price, it is possible that a higher loan may be established, but we shall not know this until the definite figure has been announced by Washington officials.

Primaries over the holiday were large --nearly 4 million bu, compared with 1 1/2 million bu last week, and 663,000 bu last year. The visible supply in wheat showed a decrease of 3,135,000 bu, leaving total stocks in all positions 142 million bu, or nearly 44 million bu smaller than a year ago. Chicago decreased slightly, leaving 3 1/2 million bu in this market.

Crop progress was apparently spotty during the week; condition in Missouri is good, but only fair in Oklahoma, where much of the wheat is heading. There was improvement in Texas, and the crop is ripening rapidly. In fact, some new wheat was cut today at Crowell, Texas, now yielding 20 to 22 bushels per acre, and testing 61 and 62 pounds. As a result, cash wheat premiums in the Southwest were slightly easier, and our futures market was also reactionary, although prices held within narrow limits, and at the last July wheat was about 3/8¢ per bu lower, while September declined 7/8¢.

Corn futures were stationary, but OPA will apparently permit sales of July at higher than the ceiling level if exchanges for cash are made. This presumably has been worked out in order to give actual users a chance to obtain supplies.

Oats were barely steady, and imports from Canada last week were 2 1/2 million bu or nearly 40 million bu for the whole crop season.

Rye was subjected to profit taking, and this is only natural after such sharp advances as we have had.

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June 2, 1943.

Food is almost as important as munitions during any period of war, but it is very strange how different the situation is now from the first World War. At that time, the European import requirements amounted to 522 million bu annually, and we were furnishing about 216 million bu each year, or about 41% of all the wheat that was taken. At the present time our exports are exceedingly small, but in other directions we are shipping heavily to the allied forces, and therefore, a feeding problem has developed on a scale which was never before encountered. In order to solve this problem, Congress authorized the CCC last July to sell 125 million bu wheat during the 1943 fiscal year at not less than 85% of the parity price of corn. Even with corn production the largest in history, it became necessary on March 25th by joint resolution to authorize an additional 100 million bu for feeding purposes, and the latter transaction took place at the parity price for corn. Now that the general discontinuance of sales was deemed necessary except for emergency use, particularly in the flood areas, there are already some deficit feed areas along the Atlantic and Pacific Coast, and we have heard rumors that Congress may approve the sale of an additional 50 million bu wheat for feed, so that all told we may consume half as much or more for animals as for humans. Consequently, domestic wheat consumption may top all previous records. It seems altogether likely that Canada with its vast stores of wheat, will be called upon to help us solve our feeding problem, although the shortage of freight cars and the inability to get sufficient boats are factors that have not been overcome as yet.

When we look at the price of Canadian futures at around the dollar mark, and convert this into American money, which means a price of about 90¢ a bu, it seems very attractive, particularly since the next crop on a smaller acreage may be far under the record yield of 1942. As a matter of fact, Canadian grain is actually cheaper than United States rye, and thus for a 60-lb cereal compared to 56 lbs for rye, it would go further in working out our problem. Canadian wheat because of the high gluten content has always been considered the best quality of wheat in the world, and often in competing markets it commanded a price from 5 to 8¢ above American wheat. We, therefore, feel that whenever the war ends and normal demands arise, this Canadian grain will receive the first call. Certainly it will go in preference to our rye, except possibly where lend-lease operations are permitted to function.

Crop reports are somewhat mixed. According to the government weekly, the reaction to warmer weather in central sections was very favorable for winter wheat. Progress was fairly good in central sections, but the condition is poor to good in the Ohio Valley, while the condition ranges from fairly good to good from Missouri southwestward. Harvest has already begun in north central Texas and will begin in southwestern Oklahoma when fields are dry.

Even with the movement of wheat under way, there has been no announcement yet of the loan, but yet a good many farmers who do not need cash too badly seem to be in a waiting mood, as practically all measures in Washington have been in favor of the producer, despite OPA conversations of holding present price levels in check.

Primary receipts were again quite heavy at 1,584,000 bu compared with 1,262,000 bu last week, and 627,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 125,000 bu.

There was some weakness early in the session in sympathy with rye prices which were reactionary, but on the assumption that southwest crops did not respond fully to moisture conditions, enough buying appeared to give the market a fairly good undertone. Final prices were unchanged to 3/8¢ per bu higher.

Despite fairly wide carrying charges in rye, which will make the next May delivery well over the $1.00 mark, there seems to be confidence, and this cereal appears to have a good many friends. Setbacks have been comparatively unimportant considering the sharp advances. Volume seems to be running about three times as heavy as that in wheat.

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CHICAGO MERCANTILE EX.

June 3, 1943.

It is becoming more apparent all the time that either rains in the Southwest did not bring the proper improvement to crops which had been expected, or else that moisture was not complete in the sections having the heaviest acreage, but regardless of what the reasons may be, the forecasts now being made for the State of Kansas, indicate that unless precipitation comes quickly, there will be a considerable reduction from previous estimates. The Robinson Elevator crop report, for which we have the highest regard, states that a forecast of about 154 million bu is all that can be expected at this time, and this practically coincides with one of the private estimates issued today, giving about the same figure. Therefore, with some improvement in other States, the chances are that the outlook for total winter wheat production is hardly better now than the government estimate last May, which seemed rather low.

Under these circumstances, it was not at all surprising that we should find a fair amount of support in today's market, and it is likewise not surprising that July wheat should have been firm in comparison with other months. Our local stocks of grain have been declining for sometime, with only 3 1/2 million bu held here, some of which may be for government account, but the unfortunate factor is that the chance for replenishing these stocks is not very great unless we go to a full shipping difference over Kansas City or Minneapolis. There is already a shortage of soft wheat, despite the fact that we shall have an enormous carryover supply on July 1st. Production last year in the soft winter wheat states was small, and according to the estimates now being given, it appears as though Illinois and other tributary States will again produce on a much smaller scale than in normal years. Illinois and Indiana together may raise only about 31 million bu, which is about what we would expect from each of those States individually if normal quantities had been sown, and if the crop had come through according to average expectations. Thus, we anticipate that those mills grinding soft wheat may be in the market right from the start, since there are undoubtedly many holes to fill up, and without any accumulations here in Chicago, which is a market that ordinarily receives more hedges than all other domestic markets combined, the chances for carrying charges are not particularly attractive at this time. It would be rather difficult to quarrel with any of the estimates which have been made, although, of course, we admit that normal weather during the filling period might give us somewhat higher results. Kansas, for instance, which is the largest single wheat producing State, will have a harvested acreage of about only 10 million acres; so a yield of about 15 bu per acre is still satisfactory from point of view of production, but the main trouble is that the government, in sizing up the food problem, did not recognize in sufficient time that a larger sown acreage should have been permitted.

There is also a bullish feeling for the reason that our current disappearance is very heavy owing to the fact that enormous quantities have been and continue to be fed to animals. The only reason we contend that a similar program cannot be entertained for the crop-year 1943-44 is that the government actually has smaller supplies under its control, and while the impoundings last fall were the heaviest on record, there is still 130 million bu frozen on farms, which may never be defaulted if the price level is maintained, as this wheat has between now and the end of April, 1944, in which to be redeemed.

Primary receipts were 1,253,000 bu versus 1,458,000 bu last week and 565,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 30,000 bu.

While the wheat market was strong early, best prices of the day were not maintained due to profit-taking and the fear that the 1943 loan rate might be somewhat less than $1.25 a bu at the farm, owing to a controversy between CCC and OPA. Last prices were 5/8¢ per bu higher.

Rye and oats went into new high ground for the season. Advances in rye were pretty well maintained, but some profit-taking in oats pared down early gains to some extent.

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CHICAGO June 4, 1943.

There continues to be a very bullish sentiment in the markets for the reason that stocks of most grain and feed crops are declining seasonally, and it is expected that the pressure from the next crop will not be burdensome. This has been accentuated in the past two days, since estimates on winter wheat production have been reduced, and most people are now looking for about the same quantity to be raised as was indicated in the May government report, or at least not a great deal more. Also, with industrial employment and payrolls at high levels, the domestic consumer demand for farm products has remained strong, and this applies especially to feed grains. Parity prices of farm products have reached the highest level since March 1930, and, therefore, the loan on wheat soon to be announced will likewise be the highest since the program was begun.

The overnight news did not bring forth any new developments of consequence, and weather continues to be very favorable for crops in the Northwest, where further rains and snows have occurred, but only scattered showers the past week over southwestern Kansas were apparently insufficient. While the crop improved slightly, there seems to be a rather large area in which dry conditions are reported, and in those sections the plant has deteriorated, particularly with the approach of warmer days. Under these circumstances, and with the filling period not far off, one has to accept the tentative figures of 150 million bu for that State, which seems to be attracting some attention, owing to the fact that it is a very large reduction from last year's bumper crop.

The general run of statistics is not as clearly outlined as in other years, for the reason that nobody can state with any degree of accuracy what our consumption will be in the coming crop season. Ordinarily, it is fair to assume that home disappearance will vary between 670 to 700 million bu. This, of course, includes not only our grindings for human needs, but also the amounts consumed for seed and usual feeding operations. The latter have been so expanded that without knowing how much will be authorized by Congress for feed and alcohol uses, it would be difficult to estimate what the carryover might be one year hence. As a basis of computation, we are willing to concede that all of the government stocks will finally be disposed of since the demand for feed grains will be enormous in the coming year. However, we are mindful that there was only about 160 million bu 1942 wheat defaulted on April 30th, (plus small amounts from former years) and the remaining 130 million bu impounded on farms will probably never fall under federal domination. Therefore, it is quite obvious that with the large quantities that the CCC has sold from past years, the government has very limited supplies with which to deal. Thus we are anticipating that Canadian imports will take place on a huge scale, probably limited only by transportation facilities. Todate, Canada has exported 170 million bu. Seed and home consumption will probably be the largest on record, and these are estimated by Sanford Evans to approach 162 million bu. Having started last August with total supplies of 1,016 million bu, Canada is in position, at least theoretically, to take care of practically any demand which might spring up in this country.

Primary receipts today were 1,186,000 bu, or practically the same as last week; this compared with 587,000 bu last year. Kansas City and Minneapolis so far this week show a net decrease of 75,000 bu. When the visible supply is posted on Monday it will compare with last year's decrease of 760,000 bu.

Despite a reaction in rye, wheat prices were very firm, and there seemed to have been considerable short covering, with the result that final prices were 1 to 1 1/4¢ per bu higher.

We are getting very optimistic reports from the spring wheat districts. The outlook is about as good as could be asked for after several weeks of rainy weather. One of our friends in Minneapolis says that it is hardly to be expected that there will be three bumper crops in a row, but nevertheless there is a chance at the present time for very big yields.

Oats were firm, although best prices of the day were not maintained. Most of the crop reports were satisfactory, and good progress is being made. However, the crop will undoubtedly be smaller than the big one harvested last season.

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CHICAGO MERCANTILE EX.

CHICAGO June 7, 1943.

According to Washington dispatches, orders have been issued to roll back the price of butter and meats by means of subsidies, and it it expected that before long the program will also extend to coffee, despite the many objections by trade sources. It is, of course, a known fact that once subsidies start they grow by leaps and bounds. In 1940, England inaugurated a system by which $280 million was spent the first year, and it has now grown to $720 million. Canada started with subsidizing imported products in 1941, and by last winter subsidies were quite general all around, although in some cases only on a small scale. There can be no doubt that $2 billion in this country is just the beginning of a scheme to prevent rising prices, but it is also obvious that this will put more purchasing power into circulation, and thereby pile up more trouble for the future. As Dr. Melchior Palyi points out, "An honest price inflation is more easily controlled than this dishonest method of fooling the public." He says, "It is true that rising prices are likely to start the vicious price-wage circle, but by the same token, they also start resistance against it. Subsidies have the effect of eliminating for a while the most conspicuous inflation systems and lulling the public into the belief that there is no inflation danger. By cutting down the patient's temperature the Washington doctors make us ignore the malady." Resistance is postponed, and each week of delay makes it more difficult to put the controls into operation; therefore, the danger for the future is greatly enhanced. But let us stop for a moment to consider what effect subsidies have had in England. Do they actually stop the current rise of prices? The official cost of living index is up only 50%, but yet if the British wish to maintain the customary standards in food, clothing, and various pleasures, they must pay 300% or so of prewar prices.

When our market opened this morning, prices reacted a little further, influenced by fine moisture conditions in the Southwest. Some sections may complain now that harvesting operations are delayed, but farther North where the filling period is at hand this weather can only be construed as very beneficial. It was even fortunate that the western sections this time were included in the precipitation reports. Garden City and Dodge City, which represent the western third of the area which has been so dry, reported about two inches of rain over the weekend, and from other reports, such as Norton, where an equal quantity of rain was received, the West must have had the first good rains in a long time. It is, therefore, likely that we shall hear of some improvement in yields later on.

The Department of Agriculture continues to tell us that the CCC still owns 330 million bu in addition to the 135 million bu stored on farms, which is still under loan. We have been trying for sometime to have them reconcile this statement, but without success. A year ago, when the carryover was 632 million bu, there was about 400 million bu which was not free. Included in this latter figure was about 70 million bu, which finally came back into commercial channels. Thus, they had only 330 million bu actually under their domination, and of this quantity 225 million bu has been authorized for feeding purposes, and possibly another 50 to 75 million bu has been used for commercial alcohol. Consequently, it is not inconceivable that under any system of statistics, the government would have carried more than 50 million bu from past years. Having taken about 170 million bu on April 30th in satisfaction of defaulted loans, we cannot figure how there is much over 200 million bu still held by the government.

The visible supply was again late in being posted.

Quotations in wheat were quite moderate. There continues to be more and more talk that "food will win the war," also that we shall be called upon to feed the Axis nations after the war ends, and that possibly many of the supplies will come from the United States. This all tends to keep prices rather firm, although recognition that with the improved weather there will be more hedging pressure later on, lower prices were registered, with the market closing about 1/2¢ per bu down.

Oats were firm, particularly the July delivery, despite fairly good crop progress in most sections.

Rye was strong at one time, but finally yielded ground with the December future closing at around the dollar mark, indicating a price of about $1.05 for rye next May, taking into account the probable carrying charge.

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CHICAGO MERCANTILE EX.

CHICAGO June 8, 1943.

Having had meat rationing for some time now, and still being told that our belts may have to be tightened further, one naturally wonders whether this is due to larger exports through lend-lease, or whether the diet of the American people has enlarged owing to higher payrolls and greater spending. The figures on lend-lease exports of the major foods for the first four months of this year were just made public. In comparing them with a similar period in 1942, we find that there are increases in some cases but decreases in others. For example, lamb and mutton shipments have been stepped up very materially; in fact, about 15%, and there was some increase in the shipments of pork, but beef and veal were much the same, continuing at the rate of about one pound out of every hundred pounds of our supply. Taking all meats on a combined basis, our exports were 7.6% of our total supply compared with 5% a year ago. There was a slight decrease in shipments of butter, while cheese exports dropped substantially, with only 5.9% of our supply having been sent abroad vs. 23.1% in 1942. Canned vegetables, fruits, and juices were practically the same as a year ago, but were extremely small compared with our total supply. The same refers to wheat and the products thereof, less than 1% having left the country. From the above we believe it can be said that our domestic consumption must be very great, and while our population has increased only moderately in the past year, and while the number of men in government service has shown only a reasonable increase, the obvious conclusion is that the demands from the civilian population are far greater than they were in the period 1935-39, or just prior to the outbreak of the war.

When our market opened this morning, it was influenced by further heavy rains in southwestern parts of the country. Those sections in the western third of Kansas, which had been complaining of drought, must all be soaked, and Garden City claimed rainfall of 2.64 inches last night, and seemed to think that this was quite general for that part of the country. Thus, we should not be surprised to see some higher yields since precipitation came at an ideal time, just while the plant was filling, and, of course, cool weather has also been an important factor. The government report which will be issued on Thursday may show much the same forecast as the May estimate, but undoubtedly, several bushels per acre have been added to the prospective yields in many sections, due to the rains of the past few days. In the Northwest, there were some scattered showers overnight, with temperatures rising slightly. Practically the whole State of Montana has received from 2 to 3 inches of moisture during the past week. The extreme northeastern corner received somewhat less, but with the exception of that small district there appeared to be no stations in the State which have had less than about 2 inches of rain. While the temperatures were low, they did not get below freezing, and, therefore, no damage was done. North Dakota has also had anywhere from one inch to 3 inches in the western part of the State, and from 2 to 4 inches in the eastern part. Northern Minnesota received from 2 to 4 inches of rain, and while it was somewhat lighter in the southern sections, there was hardly a place that did not get a good soaking. As a matter of fact, some spots in the Red River Valley are claiming an excess of moisture, and it would now be very helpful if the rains would cease and we could have a period of sunshine.

Primary receipts amounted to 1,589,000 bu compared with holiday receipts of 3,404,000 bu last week, and 945,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 101,000 bu.

Outside of weather about the only news was that Congressional action was completed on legislation authorizing the sale of 50 million bu additional wheat for feed purposes. This is to be sold at parity price for corn. Having been somewhat expected it had very little market effect. Final prices were about unchanged.

July oats continue to be strong, and some believe that the lateness of the crop, with holding tendency of old supplies will keep the nearby future strong.

Rye rallied after early weakness. Trade was moderate, and it took only fair buying orders to lift prices.

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CHICAGO MERCANTILE EX.

CHICAGO June 9, 1943.

As we have pointed out in our letters, once the urge for subsidies enlarges, it is extremely difficult to drop it, and at the moment it is thought it may be slated for vegetables, since the government is trying to roll back prices at the same time that certain Congressmen are attacking the whole theory of food subsidies. Other danger marks are pointed out with representatives of grocery interests telling Congressional Committees that with present OPA regulations in force, it threatens to break down the country's food distribution system. While the millers are definitely opposed to a flour subsidy, unless Congress quickly unifies its policy the forthcoming wheat loan may be so high that if flour ceilings are not lifted even a subsidy for this commodity may be sought since the administration is more or less pledged to hold bread prices on the present basis. It is certainly a fundamental fact that if the costs of maintaining production and distribution are not borne by the consumers through higher prices, they must be borne by them either through taxes or through further inflation of government debt. Furthermore, subsidy programs are not automatic in their operation, nor are they impersonal in their judgment, as are prices in any system of free markets. At every point along the line great decisions must be made by some overhead authority, and this opens the way not only for errors in judgment, but also for political abuses. On top of all this, it removes the normal incentive for efficient and low-cost production and distribution. If we embark upon this program of artificially keeping prices low for consumers and thus making goods more attractive to buyers, it will also add to the difficulties ofrationing.

When our market opened this morning, prices were very little changed except that oats and rye were somewhat firmer. There is 140,000 bu oats headed for Chicago from Canada on the Steamer G. B. Leonard. Undoubtedly larger quantities would be imported if vessel space were more plentiful. We doubt however, whether the demand can be fully satisfied unless ODT can iron out certain difficulties now existing. There has been quite a demand for oats in Chicago, and today's sales were fairly heavy. Under the circumstances, the July delivery was maintained at a good premium over other months, and this is all a reflection of the holding tendency on part of farmers and the big demand for feeds.

Weather on the whole was satisfactory. There was some additional moisture but not too heavy in the corn belt, although more showers are likely.

Primaries were slightly smaller at 1,201,000 bu compared with 1,584,000 bu last week, and 550,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 183,000 bu.

More and more complaints are heard that cash corn is unobtainable, and unless the government is willing to raise ceiling prices or do something else constructive, we are afraid that many of the industrial concerns will be compelled to close their doors for lack of product. Also larger hog receipts, due to the inability to obtain feeds, were reported yesterday, and today hog prices were actually 10 to 20¢ lower, reflecting the increased marketings. In a general way the demand for feeds is well maintained, and this resulted in considerably higher prices for oats. Rye, which has been discussed as a feed but which goes very slowly into feed consumption, was slightly higher. Wheat prices fluctuated in a rather uninteresting manner, but at the last there was an advance of about 1/4¢ per bu. Winnipeg futures were very much stronger. A large business in Canadi flour and wheat was reported.

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CHICAGO MERCANTILE EX.

CHICAGO June 10, 1943.

The long awaited announcement on wheat loans was made late yesterday establishing a price of $1.22 on the farm, or about 8¢ higher than last year. This was slightly less than had been expected, but may have been a compromise between CCC and OPA. The latter had apparently been against the intended farm price loan of $1.25 since it conflicted more with flour ceilings, and the present level is slightly less than 85% of parity, based on May calculations. In any event, this now gives us a workable basis for the next crop season. We also have the listing of prices for various terminals, making Chicago $1.41, and Minneapolis the same; at Kansas City the loan will be $1.36, and the Galveston basis is $1.43. As far as the Southwest is concerned, present market prices are just about equal to the loan. Therefore, we may figure that a fair amount of grain will again be impounded. At Chicago the loan is actually 3 to 4¢ lower than prevailing prices, and with this in mind there may be a little more grain marketed than if the relationship were more in favor of the loan.

In any case, one must always bear in mind that farm income is very high, and there is no need of producers pressing their grain on the market. For the first four months in 1943, cash farm income, including government payments, totaled $5,344 million, which was 31% above the same period a year ago. Inasmuch as government payments were only slightly larger, totaling $363 million compared with $352 million in 1942, it shows that the proceeds from the agricultural products were high, and actually the income from marketings of $4,981 million was 34% above the previous year. It is not likely, under these circumstances that there will be a rush of wheat to market, and this is being reflected in rather steady prices, which we had today, although there were reactions because of some disappointment that the loan had actually been set a little lower than had been expected. Moreover, we have a very strong situation in feed grains. The utilization of corn for starch, sugar, syrup, alcohol, and alcoholic beverages has nearly doubled in recent years, as the demand for these products has increased. It is true that smaller quantities of corn have been exported, and less was used for household purposes on farms, also with the inability to buy cash corn, there was a shift to granular flour in making alcohol, so that readjustments have become necessary. Heavy marketings of hogs are also due in part to the inability to secure corn. As a result the corn-hog ratio at Chicago now stands at 13.5, which is not so far from the normal, and compares with 16.9 a year ago.

There is very little attention being paid to crop reports, and most people expect that the government report, which will be issued after the close today, will not show much improvement over the May estimate. In Canada, seeding of wheat is practically finished everywhere. Thus far, damage to crops has been slight, although growth has been slow because of unusually low temperatures. The most satisfactory feature is the good rooting system which crops are developing. Growth above the ground has been slow, with wheat fields averaging 3 to 4 inches in height against seven inches at this time last year.

Primary receipts were 1,331,000 bu compared with 1,253,000 bu last week, and 598,000 bu last year. Kansas City and Minneapolis stocks show a net decrease of 278,000 bu.

The wheat market was rather inactive, with volume of trade again small, possibly much the same as yesterday when about 3 million bu were transacted in the pit. As a matter of fact, the turnover in oats was slightly larger. With the great strength in the latter cereal there was sympathetic firmness in other pits, although at the last wheat prices were about 1/4¢ per bu lower, with some evening up prior to the government report.

With corn trade at a stalemate, there continues to be a demand for oats, and this market was much higher. Canada reported further export business in wheat and flour, possibly some to Russia, but their futures reacted after several days of firmness.

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CHICAGO June 11, 1943.

The June government crop report was issued after the close of the market yesterday, and forecast the total production of wheat at 730 million bu. In ordinary times, with a carryover nearly as large and with no chance for big exports, this would have created a bearish situation. But we are not living in normal times, and there were many thoughts running through the minds of traders, principally the large domestic consumption, because of the fact that wheat feeding has become an important item in our calculations. Not only were the figures construed as somewhat bullish, but the wording of the report fired one's imagination, since attention was called to this year's production being the smallest United States crop since 1936. They failed to point out that the results on planted acreage were extremely good, but that the trouble was due mainly to land being taken out of production. It also claimed that winter wheat had been hurt by drought in the Great Plains area and by wet weather in the eastern belt. Furthermore the figures were compared with last year's bumper yields, so that all in all, higher prices today were inevitable. The winter wheat crop of 501 million bu was actually a reduction from the May estimate, despite timely rains which we have had, but since many of these fell in June after the figures were compiled, we may have to wait until next month before the improvement is actually reflected officially. A prospective yield of 228 million bu of spring wheat is somewhat higher than the figures generally mentioned, but as we have stated so often in our letters, the domestic disappearance for the current year, being close to the billion-bushel mark, is taken as a criterion of higher usage at home for sometime to come.

About the only offsets today were references to possible ceilings for oats and barley, and at one time July oats, which had been so strong for many days, yielded ground, but with the feeding situation fully maintained, quick rallies also took place. There are at the present time many big industrial plants, some of which are manufacturing products for war use, threatened with a close-down unless they can get cash corn pretty quickly. The ceiling has accomplished only the enforcement of price control, but is causing regular channels of trade to stagnate, and in our opinion may hurt the war effort unless corrective steps are taken.

The government report on rye also showed a reduction from the past month, with indications of not producing more than about 34 million bu. However, farm stocks are unusually high and the total carryover promises to reach about 41 million bu, which would indicate that, despite some of the exaggerated statements of feeding, actually our domestic consumption would not run much over 47 million bu. It may be somewhat higher due to imports, but since these will probably continue next year as well, we must now assume that if the disappearance for the next twelve months is no greater than in the current season, we shall wind up with a reserve stock one year hence of about 28 million bu, with the crop and present carryover larger than usual --amounting to about 75 million bu. Of course, the trade has in mind that rye may be fed on a heavier scale if other feeds are scarce, but there is always the danger of ergot and sterility to animals, and as a result most feeders abstain from the use of rye, except where an admixture of comparatively small quantities are used.

Primary receipts were quite large today at 1,641,000 bu compared with 1,186,000 bu last week, and 984,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 417,000 bu. When the visible supply is posted on Monday, it will compare with a decrease last year of 1,301,000 bu.

There were so many inflamatory articles in the newspapers about large abandonment due to the floods that it is really surprising that the market did not go higher. Last prices in wheat showed an advance of 1/2 to 3/4¢ per bu.

Oats were quite strong, but possibly held in check because of the fact that cash oats are selling at around potential ceiling levels.

Rye, enjoying a high parity, is the one article which has a certain amount of glamour, as it is not considered likely that a ceiling would be adopted at less than parity levels; for this reason there was considerable buying of that cereal.

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CHICAGO June 14, 1943

Opposition to the extension of the use of subsidies to"roll back" ie cost of living seems to be growing. Attention has been called by iny to the apparent success in England and in Canada, but the condi- .ons in those two countries are somewhat different. In this country icreases in wages are granted and then subsidies are issued to offset lditional costs. We regard it as a rather inflationary trend,which ies not show up in the beginning. It acts as a sedative, the effects ' which will finally wear off. With the increasing purchasing power id with the necessary expenditures to carry on subsidies, inflation- 'y tendencies will sooner or later assert themselves.

In the meantime, attention is focused on conditions surrounding ie new wheat crop. Weather on the whole since June 1st,the last vernment report, has been favorable. The United States Department ' Agriculture, in their weekly grain review of June 12th, states that .nter wheat made fair to good progress during the week in the Ohio .lley, with general improvement noted in Eastern sections. They re- ›rt conditions as good in Missouri, with ripening rather slow in Kansas .though binders will probably start to work next week. They further mment that winter wheat has ripened slowly, but temperatures have en uniform, and there has been no rapid development of stem rust, with ieat in Texas and southern Oklahoma advanced sufficiently far to pre- ide any real damage from that source. According to the estimates of ie new crop reporter to the Federal Agricultural Statisiciam of the iited States Department of Agriculture at Fargo, the conditions in ›rth Dakota of spring wheat are practically as good as they were on ine 1, 1942; the weather has been favorable for a strong, vigorous plant ›owth, capable of withstanding later adverse conditions if experienced.

There are many well informed people who believe that the next vernment report will show a larger winter wheat crop prospect, and one ' our very good friends, whom we consider particularly well posted, ›lieves that if present conditions continue, Kansas can easily raise 0 million bu or more. One of the problems facing the movement of ie new crop is the shortage of cars, which may somewhat delay the move- nt to primary markets. The Santa Fe road, which handles a very fair ›rcentage of the southwestern crop, states that they have approximately 000 more Santa Fe grain cars off their line than a year ago, leaving iem only 40% of their own good cars on home lines. They also report iat there are less foreign line box cars stored in the wheat belt raiting harvest.

Some confusion has arisen in the minds of the trade regarding the ualization fee, which is being used by the Canadian Wheat Board for :port permits of Canadian oats and barley to the United States. So far .th advancing prices, the equalization fee has been steadily increasing. wever, it must be borne in mind that this fee basic ally represents ie difference between Canadian and United States prices less transport- ion cost, import duty, exchange, etc. The fee is determined daily by ie Canadian Wheat Board, with the funds to be distributed at the end ' the crop year. Naturally, and decline of prices in this country uld automatically lead to a decline of the equalization fee in Canada.

When the visible supply was posted, it showed a decrease of 4,582,000 , leaving a balance of 135,205,000 or 51,003,000less than last year. icago stocks decreased 382,000 bu and now total only 2,994,000 bu. imary receipts today were 3,038,000 bu compared with 2,135,000 bu a ck ago and 897,000 bu the same day of last year.

The early arrivals of new wheat in the Southwest are all running etty heavy in test, which is indicative of good yields in those partic- .ar localities. With the futures price ruling over the loan value, idoubtly there will be more wheat offered on the market than when the verse was the case. Today there was the first indication of some hedg- g pressure, and with the weakness in oats and in securities prices, ieat had some setback. At the close July and September wheat were 1¼¢ wer.

Oats were weak throughout the session. There has been an overbought ndition in the oat pit, and profit-taking was in order today.

There is nothing new in the corn situation. It still remains ry acute for industry with shipments from the country practically nil.

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CHICAGO

June 15, 1943

With the rising levels of lower income groups, the demand from our armed forces, and the desire to lend-lease to our allies and the invaded countries, the policy in this country was devoted to the increasing of animal population. With the reduction in acreage of certain basic crops and ceiling prices on corn, it has led to an acute shortage in feed grains, as well as high protein feed products. While everyone appreciates that there is an obligation in this country to furnish foodstuffs to our allies and to devastated countries, there is a shift in thought to the fact that this country cannot long sustain the livestock population now on hand, in addition to demands for grain for all other purposes. It now seems to be the intention to divert somewhat from livestock to wheat and cereals. The Nutrition Experts for the War Food Administration contemplate that in making this change, it will be trading one pound of pork for seven pounds of grain, which it takes to produce pork. Their program seems to be based on wheat as a food protein, with a substantial increase in production by increasing the acreage as well as liquidation of livestock population with a diversion of feeding where possible to dairy products. As to what acreage will be planted to wheat for the 1943-44 season remains to be seen, but our acreage was curtailed from a peak of around 81 million to only 52 million acres this present season.

Hog slaughter in the Chicago area for the week ending, Friday June11th, totaled 130,837 head compared with 104,377 last week and 110, 298 a year ago. It is also very interesting to note that in this rush of hogs to market, the average weight is showing a decline, which is easily understandable with the shortage of protein feed. However, the fact that the most economical way of supplying food values is not through excessive feeding of hogs is also recognized elsewhere. Mr. George R. Paterson, Canadian Animal Products Trade Commissioner in London, England, stated recently while in Ottawa, "While there is a comparative shortage of fats in Britain there are more economical ways of providing fat than by shipping it in the form of fat bacon." He further points out that, "While it is important to produce hogs for bacon for Britain, they should not be overfed or be in excess of 220 lbs live weight when marketed."

In the meantime, ceiling prices are causing an acute shortage in corn and many of the industries producing starch for war efforts are faced with curtailment or shutdowns. In an attempt to alleviate the situation, it was announced today that the CCC will call all 1942 corn loans, but we doubt whether this will accomplish its purpose, as the corn is still worth more to the producer for feeding purposes rather than offering it to commercial channels.

Primary receipts today totaled 1,804,000 bu compared to 1,589,000 bu last week and 774,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a net increase of 82,000 bu.

Most reports received from Texas, where harvesting is now in swing indicate that yields are better than had been anticipated. One farmer, who is now in the fields, says that yields are nearly doubling expectations. Another producer brought wheat in today from a field, making about 25 bu per acre, while still a third party, who had estimated only 4 to 5 bushel-per-acre production a short time ago, stated that he will get at least 9 bu per acre. Most of the wheat so far has been of heavy test. A few rains were received in many sections of Kansas, with the exception of the southwestern portion.

At the opening of the market there was a carry-over bearish feeling from yesterday. Trade in wheat was rather light, but with strength developing in oats and rye, early losses in wheat were regained, with the market closing 1/8¢ per bu lower.

Bookings of corn remain very small, and no relief is in sight yet for industries. There was no particularly new feature in the oat pit.

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CHICAGO June 17,1943

The corn-hog ratio at Chicago for the week-end of June 12th was 13.2; as compared with 16.5 for the corresponding week of last year, and due to the decline in the price of hogs is probably somewhat lower than the June 12th figure. However the situation remains paradoxical, and this is caused by varying government policies. On one hand we have a corn ceiling and on the other a supporting floor price on hogs of $13.75. It seems to be the desire of the War Food Administration to re-establish the normal relationship between the value of corn feed and hogs, but as to how this will be accomplished remains to be seen, with two apparent divergent policies on part of government agencies. Whether or not subsidies will be resorted to cannot be forecast There seems to be some movement under foot in Washington on part of the Senate Banking Committee to inaugurate a compromise with the administration on this very critical question of subsidies. Some suggestion is made that the compromise would permit the use of hundreds of millions of dollars to pay subsidies already undertaken, but would regulate future commitments of funds for this purpose. Reference is often made to the results of the British government's stabilization efforts. To-date it has worked fairly well, but in the first four months of this year, wage rates in that country have increased more rapidly than in the corresponding period of last year. It is estimated that the cost of living has advanced 28% above the 1939 figures, while the wage index indicates a 33% advance for the same period, with a tendency toward further increases.

In the meantime, according to the figures recently released by the Bureau of Agricultural Economics at Washington, the American farmers have been benefiting materially by the advance in prices. They estimate that the gross farm income in the United States for the season 1942-43 will amount to $18,628 million, which compares with $17,710 million in 1919, and only $6,406 million in the depression year of 1932. In this total figure were included cash income from marketing, government payments, value of home consumption, and the rental value of dwellings. It is estimated that the American farmer actually realized a net income in 1942, after deducting operating expenses, depreciation, payments for hired labor, interest, taxes,and rentals paid, of $9,480 million, which exceeds by 2% the previous record net income realized in 1919 of $9,249 million. However, when adjusting for inventory, the 1942 net income exceeds 1919 by approximately 16%. In studying the income by States, it is rather interesting to note that the Iowa farmers received the largest farm income, plus value of home consumption and government payments, estimated at $1,359,821,000; Texas ranked second with $1,169,198,000; California third, with $1,168,629,000; and Illinois fourth, with $1,053,721,000.

Primary receipts today totaled 2,142,000 bu compared with 1,531,000 bu last week and 704,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 313,000 bu.

According to the Weather Bureau's summary of crop conditions in South Dakota for the week ended June 15th, temperatures were nearly normal, with much cloudiness and daily showers, which were wonderful for crop development. They further comment that spring grains made vast improvement, and are now generally rated as in good condition, with heavy stooling in all sections. Weather in the Southwest was generally fair, with temperatures ideal for development of the wheat plant. Sanford Evans in his summary of the Prairie Provinces states that the crop is late, probably two weeks behind normal; and that warmer weather is desired to speed progress. However, cool, wet weather has insured good rooting, and if extreme heat is encountered later in the season, the plant can reach deeply for moisture. Of the three Provinces, Manitoba at the present time is the most favored, with moisture exceeding both normal and last year's excellent record.

Our market was heavy throughout the session, While hedging pressure is not very perceptible, the open interest again increased about 1/2 million bu, and has risen from the low point of approximately 32 million bu to about 37 million bu. At the close July and September futures were about 3/4¢ per bu lower.

A cargo of Canadian oats was received in Chicago today, and seemed to somewhat dampen bullish enthusiasm. Bookings of corn to arrive were again nil, and no relief as yet is in sight for industry. Rye was alsosubject to liquidation.

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CHICAGO June 18, 1943

In the post-war period undoubtedly many changes will take place in production and distribution. One has only to think of the development in synthetic rubber to appreciate the tremendous problem that will probably be facing the world as to whether or not natural rubber will be replaced, which would have great repercussions in the Far East. When it comes to agricultural and food production, the question involves practically every country in the world. Already much is heard of plans, but it remains to be seen whether many of the pitfalls of the 1920's and 1930's will be avoided, such as countries trying to become self-sufficient, subsidizing producers at levels above world prices, and interference with the natural flow of international trade.

In this country, we are contemplating, and rightly so, taking off acreage restrictions, but on the other hand, will the Canadian wheat producers be willing to cut acreages when we are expanding in the United States? The United Kingdom has always been a large importer of wheat, taking about half the European requirements. The Minister of Agriculture of the United Kingdom recently stated that he was now trying to work out a four-year plan for agriculture, including the harvest of 1947. The Council of Agriculture for England recently published a memo on the "plans and objectives of long-term agricultural policy." The memo expressed the thought that Great Britan cannot produce all its home requirements, but mentioned that efforts should be made to increase the efficiency of livestock, livestock products, and horticultural industries, with the idea in mind of expanding production. While they reject the idea of tariffs, they do talk in terms of a system of guaranteed prices to enable the efficient producer to receive remunerative returns. While no details are given, it appears as though this scheme follows out the pattern tried so unsuccessfully in different Continental countries to the detriment of world trade, by attempting to assure the producer a guaranteed market. In a nation such as the United Kingdomm whose very lifeblood for generations has depended on international commerce, we are fearful that such a planned economy would finally have disastrous effects.

Much was heard a few months ago of the large additional quantities of United States wheat and flour that would be needed for Lend-Lease and assistance to the invaded countries. However, up to the present time this demand has failed to materialize. For the forty-nine weeks from July 1, 1942 to June 11th 1943, our exports of wheat and flour have totaled only 21,580,000 bu and for the last three months have been running only about 550,000 bu a week. On the other hand, our Canadian neighbors have been enjoying a rather healthy export business. For the four-week period previous to June 11th, they exported 21 million bu, while for the forty-five weeks of the season, from August 1, 1942 to June 11, 1943, their total exports have run 180 million bu.

Weather for the past twenty-four hours has been favorable in both winter and spring wheat territories; in fact, in the winter wheat territory it has been almost perfect for filling. Reports reaching us from diversified sections of Kansas and Missouri indicate that the wheat prospects are showing improvement. The government weekly report of the 16th states that spring wheat is in good to very good condition and the Weather Bureau indicates very copious moisture has fallen during the week in South Dakota. Amarillo reports their harvest getting under way in a few locations and it should be rather general by next week. Quality so far has been excellent and yields better than expectations.

Primary receipts total 1,726,000 bu today, which compared with 1.641,000 bu a week ago and 804,000 the same day last year. So far this week, Kansas City and Minneapolis stocks have decreased 426,000 bu, which suggests a somewhat larger decrease on Monday than last year's decline of 615,000 bu.

It still is too early to judge what percentage of the new crop will be offered in free channels. While no two seasons are alike, last year farmers sold some wheat even though prices were ruling about 10 to 15¢ under loan values. Wheat was somewhat stimulated at the opening by talk of corn ceilings being lifted, but best prices were not maintained, and at the close July wheat was 1/2¢ per bushel higher while September was up 1/4¢.

Recent weather has been beneficial for oats. So far this season up to June 10th, Canada has exported to the United States almost 46 million bu oats and 23 million bu barley, and is only limited by the

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CHICAGO June 21, 1943

Having paid out large sums of money to curtail acreage during the surplus years, the government has finally reversed its policy, but, unfortunately, not in time to help much with this year's production. They were apparently so busy planning for the post-war era that they did not realize how necessary it was during the war to have food supplies abundant, and it is probably a fact that just as too many cooks often spoil the broth, there were so many conflicting agencies in Washington working in connection with price control and OPA policies that the proper coordination was not centered in the hands of one group which had full knowledge of conditions and which had the power to act.

In Great Britain, the situation has been quite different. Great hopes are now centered on this year's crop, and Mr. Hudson, the Minister of Agriculture in the United Kingdom, has confirmed that the 500,000 additional acres of wheat asked for has been more than achieved, and he confidently expects that when the final return is made, it will be fully half as much again. To quote his exact words, he recently stated, "This year we shall have doubled our pre-war acreage, and the acreage of other grain also shows a substantial increase- a fine achievement." Farmers in England have responded magnificently to the calls made on them, and their efforts thus far have been well rewarded by Nature. If there is a continuation of good growing weather, there is every reason for anticipating a record crop.

Here, at home, we have not done too badly considering that much land has been taken out of production, but the trouble, of course, is that total acreage planted was insufficient to give us anything like last year's crop, when we raised more corn than at any time in the history of the country, and the second largest wheat crop. The yields in the Southwest are in most cases turning out better than expected. With test weights running high, it is significant that yields are bound to be satisfactory, and this, together with some hedging pressure, gave us weakness right from the start, particularly since prices at Chicago were just slightly higher than the loanlevel. According to the weekly government letter, the winter wheat harvest is under way in central Texas and southern Oklahoma, with yields exceeding pre-harvest expectations. There have been some delays but harvesting operations are expected to extend rapidly, weather permitting. Wheat is now heading in the upper Ohio valley, and much is blooming. In Nebraska, winter wheat has also shown improvement, with the same holding true in South Dakota. Weather has been mostly favorable in our Northwest, and heading was reported from the early areas of Washington and Idaho.

The writer, who just returned from a western trip extending 4 to 5,000 miles, found that the feeding situation everywhere was extremely tight. Planned economy insofar as it pertained to corn has caused vocal outbursts in all parts of the country. While the crop and carryover were larger than ever before, feeders seem unable to get supplies, and bootlegging and black markets have developed on a pitiful scale. With this sad experience, it is to be hoped that the same error will not be made insofar as it relates to wheat, where possibly a shortage of bread would take place in grocery stores in the midst of plenty. The chances, therefore, seem to be against a wheat ceiling which would be so low as to bring about a calamitous condition.

The visible supply was again late in being postedbut a fair decrease in wheat stocks is probable. In another week or two, we feel that the trend will be in the other direction, although the movement will only start in earnest about the 1st of July, at least for Kansas City and similar points. With some hedging pressure, final prices were 1¢ a bu lower.

There was sympathetic weakness in other pits, rye and oats suffering rather sharply at times. There is about 7 million bu rye here now, and the Chicago stocks increased 435,000 bu during the week. We look for big carrying charges all year, which will undoubtedly handicap bullish operations.

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CHICAGO June 22, 1943

At this time of year one would naturally expect a considerable amount of hedging pressure, particularly so with present prices in Chicago above the $1.40 limit, which, of course, means that the farmer is getting a very good return for his wheat-- probably the best in years. However, one must take into account the loan, which has meant larger impoundings each year since the program started in 1938. As producers learned more of the function of the loan and how it operated, and as the price became successively higher as parity was advanced, it naturally became more popular to tie up grain than to sell it on the free market, and we are giving below the figures from 1938, showing the quantities that were impounded each year at the peak of accumulations:

1938 Crop	-	66 million bu
1939	-	167
1940	-	278
1941	-	365
1942	-	406

For the 1943 season, there are some factors which are slightly different from other years: namely, that the market value is higher at Chicago than the loan, and consequently, there may be less wheat percentagewise which is impounded, particularly since the producers have learned from their own experience that once the grain enters the loan and remains there for a period of six months, the price has to rise about 13¢ a bu before they can pay off their obligations, including interest, insurance, storage, etc., and, of course, any advance beyond that point would show the farmer a profit. But it takes some imagination at this time to believe that wheat would advance to about $1.54 basis Chicago, unless tremendous feeding operations would continue without any imports of consequence from Canada. Thus one cannot be at all certain that a new high record will be made this season for the quantities withheld from commercial channels, particularly since we shall raise a smaller crop, but there are already sections in the Southwest where a definite tendency is indicated, and where apparently producers are finding the loan more attractive than the market. This is all having the effect of keeping a fairly stable price structure, and after some early selling today, a recovery took place, and we shall have to await the time when the movement starts in earnest before we can see the picture more clearly. There is also a fairly friendly sentiment owing to the heavy feeding requirements, and predictions now current by governmental agencies on farm production which lead us to believe that the Department of Agriculture wants to increase acreage by about 15 million acres in food and feed crops for next year. Even as matters now stand, it appears likely that within the next few months more restrictions will have to be placed on civilian food consumption. There is about 45% of all steer and heifer beef set aside for military needs, and there seems to be about a fifty-fifty prospect that milk rationing will take place next autumn or winter.

We are advised from the Northwest that toward the middle of last week, weather finally cleared off, with temperatures mounting rapidly and the crop made good use of warmer weather and sunshine, with the result that tremendous growth followed. With a continuation of present weather for a few days, our informant believes that there will be a splendid prospect all the way from Minneapolis out to the mountains.

Primary receipts were very large for a Tuesday, amounting to 2,294,000 bu compared with 1,804,000 bu last week and 821,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 490,000 bu. Of this amount Minneapolis increased 470,000 bu, and there must be a considerable movement of CCC wheat, which is a little misleading, as probably much of this grain will finally be used for feed or alcoholic purposes.

In the Southwest harvesting operations are extending farther northward, but it may be sometime yet before receipts at Kansas City will pick up materially. Meanwhile, their cash basis was somewhat easier, with ordinary one hard wheat selling about 1 1/2¢ over their July. Our market rallied from declines, finally closing unchanged to 1/2¢ higher.

Oats were slightly lower due to liquidating orders. However, the feeding situation is strong and at the annual conference of Governors at Columbus, Ohio, Governor Donnell read wires and letters from Missouri stock men and grain dealers, in which they stated that OPA ceiling prices on corn were forcing farmers to send unfinished stock to market.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO June 23, 1943

The last government report indicated a winter wheat production of about 501 million bu. This was a considerable reduction from last year's crop, when we raised 703 million bu, and was even quite a bit less than the ten-year average of 550 million bu. Since these figures were compiled, it must be obvious to any student of grain conditions that there has been decided improvement. We have stressed this in our daily market letters, since we have had information from many sources that the yields were actually turning out better than earlier indications, and we now have it confirmed for the State of Kansas, with the Robinson Elevator report today forecasting a yield of 154 million bu unless there is some unforeseen calamity. This is an increase of about 10 million bu over the official figure, and the same conditions probably prevail in other southwestern States. With this in mind, we should not be at all surprised to see the final harvest pretty close to normal, even on a smaller acreage, and from the reports which we are getting from spring wheat territories, it is altogether likely that the total wheat production for the country may be close to 800 million bu.

We shall not know for some time yet what the carryover reserve amounts to, but in any case it will be very large, probably not falling much below last year's record, despite the heavy feeding which has taken place. There is no shortage of supplies either actual or prospective, ex cept that there must be about 200 million bu wheat under federal control, and an additional quantity held on the farms by farmers under the loan, where final disposition is not made until next April. On the assumption that the feeding and alcohol programs will take care of practically all the government-owned stocks, the next question, of course, revolves around the impoundings for the coming season. This is rather difficult to gauge, since prices are at a level at which it is debatable as to what quantities may finally be frozen. In the past several years the market value of wheat at harvest time offered great inducements to turn the grain over to the government, but as Robinson points out, if prices paid to the farmers are 2 to 5¢ above the loan, a large amount of wheat will be sold, but on the other hand, if prices are at the loan rate or below, they expect a big percentage to go to store even though a loan is not necessarily taken. In other words, the farmer is not pressed for money, and being rather bullish the tendency is in the direction of placing the grain in storage if prices are below the loan rate. This leads us to believe that we shall probably not have much pressure, but after all, this is a very large country and there are all kinds of minds trying to analyze a situation from a personal angle. We sometimes wonder, with so many farmers cooperating, why more of the grain is not tied up, but yet, there is always some free wheat even when it is more advantageous to store it. Possibly it is a heritage handed down from our forefathers, who figured that grain was intended for consumption and not solely for storage.

Primary receipts were reasonably good at 2,232,000 bu compared with 1,359,000 bu last week and 913,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 550,000 bu.

There was no particular pressure from growing areas, and at Wichita, for instance, where they had twenty-six cars of new wheat, only about 5 cars were for sale. We rather imagine that with fairly liberal quantities being withheld from commercial channels severe breaks are not likely. However, the possibility of ceiling prices for wheat is still preventing much bullish enthusiasm. Final prices were 3/8¢ a bu lower.

Rye and oats sympathised to some extent with weaker prices for the leading cereal. There was no special news but crop comments were generally favorable.

There continue to be complaints that the corn ceiling is causing hardships. While there seems to be a shortage at $1.07, there is apparently no real scarcity of supplies, except that farmers are not in a selling mood.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

June 24, 1943

As part of the Congressional Record of May 20th, there is quoted an address of Mr. Gannett, which is very interesting from a supply and demand point of view. It says in part, "When you try to fix the price of one food you throw out of gear the production and price of a related product. Take, for instance, corn. OPA fixed a ceiling of $1.05 per bu on corn. The farmer in the Midwest knows that by feeding corn to hogs he can get a return equal to $1.45 per bu for his corn. Therefore, corn is not being shipped and livestock feeders, dairymen, and poultrymen find it almost impossible to buy enough corn to keep going from day to day." It was also pointed out in the speech that by the price system the production of an article could be increased, decreased, or shifted from one area to another. Since time immemorial, high prices have encouraged the production of food that was scarce and low prices have discouraged the production of that food which was in abundance. There was a rather striking example cited, and we quote as follows: "During a famine in India the government set the price at a low level, and most of the crop was consumed long before new crops were available. Little or no grain was shifted from other areas. One-third of the population died. During a later famine the government did not fix prices and in fact encouraged speculation. Prices advanced immediately, and the pressure of shortage was spread equally over the year, and grain was brought from other areas." Price has always been the primary force guiding goods through the channels of trade. Whether milk should be consumed in its natural state, churned into butter, pressed into cheese, evaporated, condensed, or dried, is often largely a question of price. Also, whether butter should move to Chicago, Pittsburgh or New York City is also determined by price. We are not surprised, therefore, that Mr. Davis, with his twelve advisers, is having difficulty in trying to decide the future policy for corn, unless OPA is willing to see a higher level. It has been definitely established that there is a scarcity of corn on basis of $1.07 Chicago, but we have not yet been satisfied that an actual scarcity of cash corn exists in the country that would not be relieved by higher prices.

Even the housewife with her market basket may never have studied economics at college, but still she chooses foods on the basis of price. Whether she should buy hamburger, steak or pork is largely determined by relative values. Whether anyone should buy peaches or pineapple by the case during the autumn sales, or whether they should be purchased from hand to mouth is **also** determined by the price. In other words, consumers decrease the use of high priced articles and increase the consumption of low priced articles.

When our market opened today prices were somewhat lower with continuation of good weather both Northwest and Southwest. The Van Dusen Harrington report from Minneapolis stated that small grains were now entering the critical period of development with a heavy lush growth. This would make them more than usually susceptible to midsummer hazards. At present, however, weather conditions are ideal and crop prospects, with the exception of corn, are highly satisfactory. All but two weeks of the 1942-43 crop season have been completed. Total wheat and flour clearances have amounted to 22 million bu indicating that this will be one of the smallest export years in recent times.

Primary receipts were fairly large at 2,595,000 bu, which compares with 2,142,000 bu last week, and 995,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 669,000 bu.

Trade in wheat was not particularly heavy, but a good many people now feel that there is no haste in making purchases since the weight of hedges, even though small, will have to be absorbed both for winter and spring wheat crops. Meanwhile, milling demand is rather slow. Final prices were 1/4¢ a bu higher.

There was a fair turnover in oats. Market seemed to rally from breaks and the feeding situation is still critical in many localities. Due to the recent decline in corn prices, the corn-hog ratio in Chicago now stands at 13.0 compared with 13.2 last week and 16.7 last year.

Rye was weaker and with the big reserve stock from last season, and only a fair demand for feeding purposes, this cereal may have difficulty in maintaining bulges, even though it is selling at a big discount under wheat.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 25, 1943

As we have pointed out in our market letters for weeks past, the situation with respect to corn was becoming critical. Several of the large industries have either closed their doors or have threatened to close, with the result that full cognizance has finally been taken by the War Food Administrator, who has now declared that an emergency exists with respect to the shortage of corn, and he has requested that all contract markets terminate trading in the various futures, further requesting that the settlement of these contracts be terminated in Chicago on basis of $1.07 per bu for July and September and on the basis of $1.01 for the December. The Board of Directors of the Chicago Board of Trade have taken proper action to meet this request, which was practically a mandate. There was some advance notice in Washington dispatches that this would probably be the case, the result being that our markets all opened strong this morning and gained further impetus as the session continued. It is thought very likely that while some cash corn may become available by reason of the fact that hedgers will even-up on their futures contracts that this will only constitute the basis for comparatively small supplies in comparison with the much greater needs. This being the case, it is altogether likely that before long a higher cash price will be permitted through the ultimate raising of ceiling levels. Whenever that time comes, we should not be at all surprised to see new futures contracts negotiated for the delivery of corn in 1943, although, of course, it may take some time to learn what the future holds in store There was a very sizeable increase in speculative interest today, particularly by those who felt that if the corn ceiling were materially raised, it would be unthinkable to figure on an extremely low ceiling for wheat, as has been mentioned by some of the people in Washington in recent days. In other words, it is construed as likely that action on part of the War Food Administration is to correct inequalities which may have existed between the price ruling for hogs as compared to corn, and, it also shows how the great law of supply and demand will finally win out.

There is a great deal of thought now being given to food and feeds Acreage will undoubtedly be expanded for next year, and in this connection farm labor is a very important item. According to the June 1st figures of the Department of Agriculture, farm employment rose seasonally to 11,659,000 workers, which is a decrease of about 2% from the number of persons working on farms June 1st a year ago, but is about 5% less than the five-year average period, 1937-41. Considering that so many more have answered the call to colors, it is encouraging to receive this report. However, it must also be considered that about 13% of farm workers are under fourteen years of age, as compared with only 4%, April 1, 1942. Moreover, a survey indicates a sharp increase in the percentage of females working on farms at the present time. Many of these women are picking fruit and berries, or chopping cotton, or helping with truck crops, etc., but the latter is something that women can do more easily, but we have no figures as to how these percentages compare with the past. It is known, however, that longer hours are being spent by all farm operators. On an average about three-quarters of an hour longer each day than a year ago, and with the heavy amount of work that is necessitated for the production of crops and livestock products, and also some loss of experienced workers, a very fine job is being accomplished.

Primaries today were 2,502,000 bu compared with 1,726,000 bu last week and 981,000 bu last ye r. Kans s City and Minneapolis this week show a total increase of 950,000 bu. When the visible is posted on Monday, it will compare with an increase last year of 1,564,000 bu.

Everything today was woven around the corn order from Washington, with the probability of a higher ceiling level. This inspired considerable buying in wheat, with the result that final prices were about 2 1/4¢ a bu higher.

Oats were extremely strong and being an important feed grain this was only a natural consequence. Rye also advanced, and there was considerable short covering, as well as new buying apparently coming in.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 28, 1943.

Late in the session Saturday, the Senate came out strongly against subsidies, and this was responsible for a late upturn, but it is now proposed to try to sponsor legislation so that payments may be made direct to farmers in order to hold down living costs. This would be in lieu of payments to processors which both houses had voted to ban last week. It seems that OPA is still very anxious for a reduced food price in order to prevent inflation, and it remains to be seen whether this can be accomplished; therefore, some uncertainties exist at the moment. As we regard inflation, it is merely an upward movement of prices in general. It is another way of saying that goods and services are now more favorable in terms of dollars than they formerly were. Most people recognize that during wartime we have a greater use for goods and services than we have in peacetime; consequently, it is almost inevitable that prices should rise at least to some degree. It has never been possible during hostilities in the past to prevent this entirely, and we doubt whether it will be possible to halt rising prices during this war, even though artificial means may be resorted to. Moderate inflation will certainly not ruin us. What we should fear the most is a wild inflation that comes when the government starts the printing presses running, as it did in Germany after the first World War. Some inflation, (as economists point out) is inevitable and may even become necessary. Our national income is the total of our production of various things multiplied by the price of those things plus services. Recently the U. S. Treasury announced that it would need $90 billion this year for its war program. Any such sum would almost require a national income twice as large if people are going to have food, clothing and shelter. Last year, with production at its peak, our national income was $135 billion, and it is not likely that we shall be able to increase our production very much this year. Therefore, if we are to have a larger national income, it could only be had if higher prices prevail.

When our market opened this morning, the possibility of direct subsidies had some influence, and lower wheat prices were registered. However, Winnipeg, which had been so very weak on Saturday, recovered fully the loss sustained at that time and was higher; also, rye prices were very strong on a statement accredited to the Department of Agriculture that we might feed 55 million bu during the coming season. Consequently, lower prices were shortlived, and there seems to be a very bullish sentiment, both on part of producers and on part of trade interests, so that recoveries in wheat were quite rapid.

The situation relating to feed grains is strong, and the June pig crop report was construed bullish. If the hog population should reach 127 million head compared with 105 million last year, the increase alone would mean a corn consumption of 350 million bu. On the other hand, if corn ceilings are raised about 20¢ a bu, and if hog values remain at about $14, the new ratio of approximately 11 to 1 would be more normal, and, therefore, we can foresee where many more hogs might be sent to market. The farmer fully understands that there is always the chance for mortality through cholera or other diseases, and, therefore, might be inclined to market hogs on a larger scale and to dispose of his corn. Thus, we feel that if more normal conditions prevail, the chances for corn exhaustion with a more moderate crop in sight will be avoided.

Primary receipts were large at 5,348,000 bu compared with 3,657,000 bu last week, and 1,961,000 bu last year. Chicago stocks of wheat increased 23,000 bu, but there is slightly less than 3 million bu at this market. There was another delay in posting the visible supply.

However, the trade paid very little attention to statistics. With the great strength in rye, final wheat prices were 1/8¢ per bu higher.

Spring wheat continues to make excellent advance in most sections, except on some low ground which is still too wet. Winter wheat is reported relatively safe from stem-rust damage in eastern Kansas, southeastern Nebraska, and much of Missouri. However, some reports of deterioration are current.

Oats were higher, particularly the nearby future, and some believe that hot weather which has been favorable for corn may possibly have done some damage to the oat crop.

Rye was strong, and the buying was persistent.

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CHICAGO MERCANTILE EX.

CHICAGO June 29, 1943.

There is considerable talk that subsidies in the food line may be extended beyond the realm of meats, butter, coffee, etc., and despite action taken by both houses last week, there seems to be a determined effort to keep prices down through the system of "rollbacks." In fact, it was the question of subsidies which brought about the resignation of Chester Davis, as War Food Administrator, for as he expressed it, he did not believe that subsidies would be effective in controlling inflation unless they were accompanied as they were in England by current tax and savings programs that drained off excess buying power.

The grain trade was in a rather bearish frame of mind this morning, because it is uncertain whether corn ceilings will be immediately lifted, and then, of course, comes the question as to what will be done with wheat ceilings later on, particularly if subsidies come into the picture. It had been hoped that prices would reflect more or less a true state of conditions without more artificial stimuli, but nobody can be certain until the policies of Mr. Marvin Jones are outlined, and this may take some little time.

Meanwhile, a very large trade in rye has been developing. Some have been bullish simply on the theory that rye was selling at a big discount under other grains. Others have in mind that larger quantities may be used for feeding purposes during the current season, or possibly for the manufacture of alcohol. Still others point to a substantial demand from Russia if shipping conditions permit, and it is recognized that this has probably been the most difficult agricultural campaign for the Soviets in the past two decades. As the London Economist points out, for a number of reasons which have reflected the cumulative effect of the war on Russian agriculture, this year is almost certain to be substantially below the average. The sown area is smaller than ever, even if the Ukraine and other German occupied territories are left out of account. Also, the inevitable deterioration in agricultural technique has become more accentuated. Some very important grain producing areas are confronted this year with the danger of a drought. Average rainfall in that country is only about 15 to 16 inches per annum, which is much lighter than in this country. Early spring this year has resulted in a lighter rainfall than usual, and since the farms of the Volga are now the only producers of grain surpluses in European Russia, any drought there would mean that the whole of Russia would become very largely dependent on Siberia for its bread supplies.

The visible supply, which ordinarily is posted on Monday, was again late in being issued this week owing to the fact that Wichita statistics were not available. We now find that wheat increased 2 1/2 million bu for the week, with a total of 134 1/2 million bu in all positions compared with 185 million bu last year. There is still a considerable amount of grain being ordered out from various terminal markets for feeding and other governmental purposes. Therefore, with a smaller crop in prospect, we may not reach the high figure attained last year until later in the season. Due to the shortage of freight cars and larger quantities of storage on farms, the movement is rather slow in getting under way, although, of course, in Kansas it may take another two weeks yet before harvesting operations are far enough advanced to permit the free flow of grain.

Primary receipts were reasonably large at 3,314,000 bu compared with 2,294,000 bu last week, and 1,815,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 538,000 bu.

Wheat prices were weakest early in the session, but recoveries took place despite the fact that oats and rye were lower. There is no appreciable pressure yet. There was, however, some milling business, with hedges apparently covered in the pit, and final prices were 1/8 to 1/2¢ per bu lower. With recent buying of oats and rye it was natural that some recessions should take place today, particularly as there was considerable profit-taking. Markets, however, behaved pretty well considering the liquidation which had to be absorbed.

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CHICAGO MERCANTILE EX.

CHICAGO June 30, 1943.

After the close of the market yesterday, June parity prices were announced, and they again established new highs, with wheat reported at $1.45 per bu, or up almost a cent since middle of May. Corn was slightly higher, at $1.05, and oats likewise advanced to 65.4¢. Rye went to $1.18 per bu, and this all had a sentimental effect upon the trade, but there were other factors also responsible for the strength.

It seems that Congress is still fighting "rollback" subsidies and both Senate and House conferees agreed on a bill placing strict limitations on the use of federal funds in holding down consumer food bills. However, the administration also won a victory in the deletion from the bill of provisions which would transfer price and subsidy powers from the Office of Price Administration to the War Food Administrator, and provisions changing the formula for setting ceiling prices. A Senate appropriations subcommittee meanwhile deleted from the OPA appropriations bill passed by the House last week a provision which would have prevented the use of any OPA funds to pay salaries for persons connected with subsidies. The trade has been wondering ever since the resignation of Mr. Davis what his successor might do with respect to problems arising from the present corn ceilings, and this was somewhat clarified when Mr. Marvin Jones acknowledged the seriousness of the situation, and his associates predicted quick and decisive action to free corn from a price jam, and also, to relieve the growing shortage of beef. Despite supplies of corn, which are larger than normal, the acute market shortage is attributed to the ceiling price of $1.07, basis Chicago, while corn fed to hogs is worth considerably more. All are now agreed that immediate action is necessary to avert serious livestock feed shortage, and the two proposals under consideration are (1) an upward movement in corn ceiling prices; (2) a price program to discourage marketing of heavyweight hogs and prime finished beef. With the prospect of constructive action buyers were encouraged and all pits registered higher prices.

In wheat there was also bullish enthusiasm because of estimates for a lower wheat carryover one year hence due to heavy disappearance. The Bureau of Agricultural Economics has tentatively estimated domestic use for the coming season at 1,100 million bu, which they say would give us a reserve stock on July 1, 1944 of about 250 million bu. They admit, however, that wheat imports should augment domestic feed wheat supplies, and already the CCC has purchased Canadian wheat, with 2 million bu having been taken yesterday, and 7 million bu previously, all of which seems destined for feeding purposes in the northeastern States.

On today's advance, we were naturally interested to learn whether any more wheat was coming on the free market. One elevator firm, with a considerable number of stations in Kansas, told us the indications were that 60% was being sold and 40% going into storage. This is a slightly smaller proportion being impounded than recently. The farmers on the whole remain bullish, and we hardly expect to see excessive marketings, particularly with the car shortage unless, of course, prices would continue to advance sharply.

Primary receipts were 2,786,000 bu compared with 2,232,000 bu last week, and 1,488,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 791,000 bu.

There was again heavy buying of rye today, induced by reports that government wheat would no longer be available to distillers at low prices. Some thought that the substitution of rye for wheat might take place; others bought wheat on the assumption that there would be a great number of distillers still preferring wheat, and that they would have to have it even though the government has abandoned the subsidized sales for conversion. In other words, after July 8th buyers will be forced into the open market, and the quantities of either wheat or rye which will so be handled are expected to be tremendous. Final wheat prices were 2¢ per bu higher. Other cereals also advanced as we have explained above, with oats and rye going to new highs for the year.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO July 1, 1943.

By a rather overwhelming vote, both branches of the legislature yesterday passed the conference report on the Commodity Credit Corporation bill extending that agency for more than two years. However, the bill as finally sent to the White House prohibited the use of subsidies to continue the "rollback" program after August 1st. $150 million was allocated to meet increased transportation costs, due to the war, a nd various other items, including the sale of wheat for feeding purposes. However, it specifically provides that no subsidy could be made simply to reduce prices, except where commitments were made prior to the new-crop year, starting today, July 1st. The bill, as passed, now awaits Presidential action, and much will depend whether the Chief Executive will sign or veto the bill as passed.

There were other developments overnight affecting the price structure. The government agency announced an advance of 1¢ a bu on the 1943 wheat crop, owing to the recent increase in parity prices. The price now is $1.23 on the farm, as against $1.22 announced recently. The CCC further announced that it was prepared to buy at the loan price new crop wheat from farmers wherever federally-owned steel bins are available. While the agency made some actual cash purchases last fall in the spring wheat territory, this is the first time they have ever entered into a broad program of buying cash wheat. As to how much will be acquired through this procedure is very difficult to judge. The attitude of the farmer towards prices will be a determining factor, as well as the difficulty in getting transportation facilities, due to car shortages, for shipment of wheat to market. Whether this enhances the amount of government-owned wheat to any perceptible degree is a matter for conjecture.

The U. S. Department of Agriculture, in their May-June release, estimates the domestic wheat supply for the 1943-44 season at 1,320 million bu compared with 1,613 million last year. This is based on an indicated crop of 731 million bu and a carryover of 590 million bu. In projecting the figures they further estimate a disappearance of 100 million bu larger than the past season: namely, 1,100 million bu, which would reduce the carryover at the end of the crop year just starting today to 250 million bu. We ourselves cannot as yet quite adjust our views to that large a disappearance, unless we should export 150 million bu. Figuring that 275 million bu of the past crop was sold for feed and 75 million bu for alcohol purposes, it would make a total of 350 million bu sold, although it may not all have been shipped. Taking into account that the government started the last crop year with 300 to 325 million bu of the carryover, and acquired another 170 million bu on defaults, it would have given the government available supplies of between 470 and 495 million bu. If 350 million is disposed of, as mentioned above, it would leave the government in control of 125 to 150 million bu in the July 1, 1943, carryover to be used for feeding purposes if necessary. If 100 million bu is sold by private handlers for alcohol purposes, it would give a total of 250 million bu against 350 million bu disposed of last season. Therefore, it is somewhat doubtful if the actual disappearance will equal that of the 1942-43 season. Feeding requirement difficulties could be alleviated considerably were a few coastal vessels diverted to lake traffic during the open navigation season. This would enable the movement of considerable wheat and feed grains into this country from Canada

Primary receipts were 3,626,000 bu compared with 2,595,000 bu last week, and 1,508,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 812,000 bu. Receipts in the Southwest are rather heavy as compared to a year ago. Kansas City reports 722 cars, but a large percentage was old wheat. Car shortages are somewhat delaying the movement, undoubtedly causing additional quantities to be stored on farms.

Our market opened strong; with increased inquiries from distilling interests for wheat and rye, and some milling business in evidence, further strength was imparted to the market during the session, although best prices were not maintained. At the close wheat was 1 5/8¢ per bu higher.

Rye was again very strong, particularly July. Many believe that with the increased demand for feeding and the additional usage for alcohol purposes, rye stocks will be considerably reduced during the year.

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CHICAGO July 2, 1943.

While there is a great deal of planning in Washington not only for the war period, but also for later on, more and more emphasis is on food, and since our feeding operations have been so tremendous during the past year, it is now acknowledged that acreages will have to be expanded from the low point. Chester Davis, former administrator of WFA, pointed out that his department had practically completed plans for total wheat acreage of 70 million acres for next year's crop. Numerous adverse factors affecting food production cannot longer be overlooked, and this seems to be forcing radical changes in the government food program. About a year ago, farmers were being urged to raise more hogs, and also, to fatten them to heavier weights. Now it is found that with possibly 127 million hogs, there may be too many and that, consequently, they will be eating up feed which should go to dairy cattle and poultry. The new program places less emphasis on meat production, and aims at the utilization of a larger portion of the available feed supply by dairy animals and poultry. While it is possible that there may be a further increase in livestock numbers, an attempt will be made to have hogs marketed at lighter weights, and to have beef animals produced largely by the slower process of pasture and range feeding as a means of conserving our corn. In the long run, this will undoubtedly result in less beef and quite likely in less pork. After all, the 1943 corn crop is not yet made. There is probably 800 million bu corn left on farms, but whether the carryover on November 1st will amount to 500 million bu, as BAE had forecast remains to be seen.

At the moment there seems less chance for a rise in corn ceilings, but instead WFA is urging farmers to market their corn on a heavier scale for patriotic reasons, yet it is doubtful whether cornbelt farmers will voluntarily cooperate with this program in order to enable manufacturers to continue their operations. Producers are blaming the shortage of marketable supplies to the present unbalanced ratio between corn and hog prices, and since farmers can obtain higher returns by feeding, it seems almost obvious that finally higher ceiling prices must be permitted.

When our market opened this morning, prices were somewhat higher. The nearby deliveries were strong in all pits, with July and September wheat selling at almost even money, and it looks very much as though this would be a poor year for carrying charges in Chicago, owing to the small amounts of wheat raised in the Central States. With a shortage of red wheat from last crop, there were many holes to fill up, and we do not believe that Chicago will ever receive burdensome supplies unless wheat is attracted here from outside markets. In rye, there have been fairly large deliveries, but the tenders have apparently been well accepted, and it is assumed that some speculators, who want to carry the grain for a period of six months or more because of tax purposes, will not immediately sell out their contracts. It is too early yet to expect new oat arrivals in any quantity. The season has been somewhat late, and, therefore, July oats are holding at a good premium over the deferred months. All this favors long positions, and it is the reverse of a situation which we often have in July where speculators are handicapped by carrying charges and have to change over to the distant months at a premium. There is, of course, the movement of wheat still ahead. Receipts at Kansas City have not yet reached their peak and it may be a few weeks yet before this occurs. For this reason, there might be better buying opportunities later, and with sharp advances some hesitancy might be worth while.

Primary receipts were large at 3,684,000 bu versus 2,502,000 bu last week, and 1,544,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1,130,000 bu.

After firmness early in the session there were some recessions with volume of trade somewhat smaller than yesterday. It was thought possible that the President would veto the bill prohibiting subsidies, and this caused some selling. The Bill was finally vetoed.

Oats were also a little reactionary, but rye recovered from weakness, and it seems that some of the large mills were good buyers of futures at Minneapolis, where apparently there was a better demand for rye flour. This, together with the added use on part of distillers, is lending encouragement to the constructive side of the market.

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CHICAGO,4,Ill. July 6, 1943.

It is still too early to have definite ideas as to the size of the crops. In the last few days some of the experts have varied considerably on the forecast for winter wheat, but taking an over-all picture, it looks very much as though the bumper yields of last season would not be repeated. We might even say that there is the possibility that the total of all grain crops might be 15% smaller. The chances are that exports will not improve materially if the war continues, since the demand is chiefly for Canadian grain, but even so, a wartime consumption is completely different from that in peacetime, and thus all of our calculations have to be based on these new conditions. Next Friday, we shall have the official estimates of the Department of Agriculture. In the meantime working on the June forecast the domestic wheat supply for 1943-44 is indicated at about 1,320 million bu, which is quite a reduction from the season earlier, but yet is very large compared to normal. Consequently, it is not the supply side of the picture which looms as the important factor, but rather one of consumption, since a large disappearance reflects the large quantity which will be used for feed and a moderately large quantity for alcohol, and even a substantial increase in the amount for food. Washington believes that domestic usage will be about 100 million bu larger than for the season just completed, which if borne out by fact, could reduce the carryover to about 250 million bu on July 1, 1944, all on the assumption that crops have not improved since the June figures were compiled.

More or less the same condition relates to rye, with the domestic supply, including crop and carryover, at 75 million bu, comsisting of 41 million bu in the reserve and a crop estimate of 34 million bu, as of June 1st. This would be the second largest rye supply since 1922. Last year's totals were 88 million bu, and the five-year average, 1935-39, was only 59 million bu, but, here again, we find that the apparent disappearance of rye in 1942-43 was 47 million bu, or somewhat higher than normal. It is interesting to note that for food alone only 10 million bu was consumed. Feed requirements were 27 million bu, seed 8 million bu, but for distilled spirits and alcohol, 2 million bu. There is a great deal of talk that owing to certain feed shortages, the consumption of rye will be very much greater. We ourselves doubt that the feeding demand will be so great, particularly if the corn crop comes through according to present expectation, and prices are permitted to rule more normally. But we do visualize that much larger quantities of rye may be used for distillation, particularly since the government program with respect to wheat has changed materially, and, therefore, if some grain has to be purchased in the open market, the likelihood of rye becoming much more popular seems to be well founded. This seems to be one of the chief reasons for its strength at the moment, and, of course, the price recommends it, since rye is selling at big discounts under wheat, and also, is cheap compared with corn, particularly if the ceiling is raised to the level of $1.40, which is talked of in some circles and which seems to have the approval also of the Senate Agricultural Committee.

Primaries were very large --for two days 9 1/2 million bu, compared with 3,314,000 bu last week, and 2,356,000 bu last year. The visible supply increased 6,883,000 bu, with total stocks in all positions 141 1/2 million bu, or about 47 1/2 million bu smaller than a year ago. A small increase in Chicago stocks places the total at just over the 3 million bu mark.

Sentiment in all grain was very bullish. With the possibility that corn ceilings might be raised considerably, there was a good buying of other feed grains, and oats went into new high ground, with the bullish feeling intensified later on, as rye futures advanced the full permissible limit of 5¢ per bu. Wheat was also strong, and there was little opposition despite much heavier receipts both Northwest and Southwest. Apparently, hedging pressure is not a factor yet, but it may become more important a little later on, at least during some periods. Final wheat prices were 2 1/4¢ per bu higher.

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CHICAGO July 7, 1943.

Thus far advantage has been entirely with those who have been pursuing the constructive side of the market. There have been certain obstacles at times with the threat of ceilings and actual ceiling prices in corn, where the market was practically halted overnight in its tracks. But on the whole, extra usage for domestic consumption has far outweighed bumper crops, such as were raised last year, The amounts of wheat which were fed in the last season were far greater than our normal exports. Therefore, even the loss of our foreign outlets failed to bring about the results which we would have sustained through added accumulations, had not our feeding program used about half the amount of wheat for animals as is normally consumed for humans The presumption is that there will be a continuation of these policies even at the higher level of prices, although the amount of grain which can be authorized from government-owned stocks will be smaller, owing to the fact that there is probably not over 200 million bu wheat in federal hands, despite the impoundings which are presently taking place. Wheat from the new crop which is now being put into the loan may finally be redeemed, or it may go by default, but until April 30th of next year, nobody will know what final disposition the farmer intends making. The same refers to the 130 million bu wheat which was under the last loan but stored on farms, and the producer likewise has a considerable time before he has to make up his mind as to whether he expects to liquidate his holdings at the advanced levels or whether he intends to turn it over to the CCC. This leads us to believe that our domestic consumption of wheat for feeding purposes may be smaller in the year ahead, and for that reason the BAE in its estimate of reserve stocks may be too pessimistic in forecasting only 250 million bu for July 1, 1944.

As for rye, it also hinges on many "ifs" and "ands". Should corn prices be permitted to rise to the level of $1.40, then present rye prices might seem very reasonable in comparison. Furthermore, if the government in its alcohol program favors grains, rye would undoubtedly be consumed in great volume. There are, of course, many other substitutes, and it is not altogether certain that rye will be sought in preference to other commodities. Therefore, there are still some uncertainties ahead and the picture is not as clear as in peacetime, when our consumption is more or less static, as is the case in wheat. It is these outside influences which have made wheat and rye susceptible to changes, as the consumption is now almost as variable as in corn. Thus after the size of the crops is definitely determined, one must keep eyes focused continually on the disappearance.

The weekly crop and weather report was mostly favorable, and while the season is somewhat late, cultivating of corn and soybeans has been pushed. In Kansas, the wheat yields are higher than expected, and harvest is half to three-quarters completed in the southern half of the State and in full swing in the northern half, awaiting only the soil to dry out. Spring wheat is heading and filling nicely. Very few complaints have been heard.

Primary receipts were reasonably large, at 3,842,000 bu compared with 2,786,000 bu last week, and 2,291,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 1,065,000 bu.

Trade in all pits was on a smaller scale than yesterday, when total volume reached 37 million bu. After rye futures advanced moderately, there was some profit-taking, and finally some weakness in the deferred deliveries, although the July future remained comparatively strong. There were also moderate reactions in both oats and rye, but neither of these cereals ruled very weak, and at the last losses of 1/4¢ per bu were scored for the leading grain. Pressure on the whole was not heavy. The cash basis in Kansas City was about 1/4¢ per bu higher.

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CHICAGO, 4, Ill.

July 8, 1943.

Feeding of wheat to animals has been a big factor in North America, especially in the United States. Even in Canada, the hog population has greatly increased, and there, also, wheat feeding has been an important factor, with recent estimates claiming that the domestic consumption the past season will have amounted to about 166 million bu, which compares with only 110 million bu average during 1935-39. It is currently estimated that nearly 90 million bu wheat will be fed to livestock and poultry on Canadian farms and ranches during the current crop year. This is nearly 4 1/2 times the amount fed on an average during the five years immediately preceding the outbreak of war, and is a new high in Dominion records.

Unfortunately, the same is not true of Southern Hemisphere countries. In Argentina, for instance, the present exportable surplus of wheat and flour is estimated by Broomhall at 253 million bu, and since their crop is used largely for human consumption, and since exports are running only between half a million and a million bu per week, it seems to be a rather slow process of reducing reserve stocks. Since August 1, 1942, or for forty-seven weeks, only about 58 million bu of wheat and flour was exported, as compared with 69 1/2 million for the corresponding period a year earlier. The pre-war average amounted to 119 million bu, thus indicating what the loss of export outlets means to a country whose domestic consumption is so small. Trade estimates are that wheat acreage will be increased from 5 to 15% over last year. The Minister of Agriculture is urging growers to maintain their acreage but advising against any increase. In Australia. the unsold stocks of wheat on June 1st were approximately 200 million bu. This is according to the Canadian Trade Commissioner at Melbourne. There is some increase in the consumption of wheat as stock feed in Australia, but apparently not enough to be of much help. Weather conditions in New South Wales are reported good, but all other States are badly in need of rain. It is thought that an acreage reduction of 25% as compared with last year may result, including the compulsory reduction in Western Australia of one-third.

When our market opened this morning, it was influenced by a Senate resolution late yesterday to raise corn ceilings from $1.07 to $1.40. This inspired considerable buying in all pits, and there seems to be a crying need for some readjustment between hog prices and corn, particularly since industries are unable to get merchandise so necessary for the war effort. In the early trade rye again assumed leadership, but oats and wheat were also very strong. Since it was impossible to buy corn in any volume, there seemed to be a scramble for substitute grain, and there is no abatement in the demand for feedstuff, particularly since corn feeds are in an extremely tight position due to lack of offers. Even the demand for oil feeds continues in excess of supply, and alfalfa meal is offered sparingly although many thousands of tons would be taken if it were available. Toward mid-session the House Agricultural Committee by vote of nine to six killed the Senate approved measure lifting the corn ceiling, although decided to meet later in the day to discuss alternative legislation, or other means of dealing with this emergency. The motive behind their action was to prevent Congress from going so far as to set a price for a single commodity.

Primaries amounted to 3,363,000 bu compared with 3,626,000 bu last week, and 2,416,000 bu last year. Kansas City stocks so far this week increased 1,605,000 bu.

Markets were rather erratic, and there were undoubtedly more hedges in the wheat pit, but at no time was there any great weakness, and when prices reacted to the previous day's closing level there was some support, particularly since rye was in good demand and was purchased by one of the leading brokers during much of the session. Final wheat prices were 3/8 to 3/4¢ per bu lower.

July rye remains comparatively firm, but most of the buying today was in September, and it may have been covering against out-of-position holdings. Many people still figure that distillation requirements will be heavy, and this seems to be the basis for much of the bullish feeling.

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CHICAGO 4, Ill. July 9, 1943.

After the close of the market today, the government crop report will be issued, and it is very likely that some improvement over June will be noted. This is especially true of the Northwest, where moisture and soil conditions have been very favorable on the whole, and practically all reports which have come to us have been extremely optimistic. We should not be at all surprised to see the total winter and spring wheat yields finally rated as close to 800 million bu, but whether or not anything of that kind will be shown today remains to be seen.

In Canada, the Ottawa report shows a condition of 115% of normal. Their conception of normal is somewhat different from ours, taking into account a ten-year average period, and on the same basis last year's crop was rated at 136% of normal, so that with a smaller acreage at this time, the results are bound to be smaller. In Manitoba, the moisture situation is reported good to excellent, but in some northern districts heavy rains have caused damage. In Saskatchewan, conditions are generally favorable, but more rain is needed in the west central section and parts of the north central section. In the east central and southern districts of Alberta, rains are urgently needed to prevent further deterioration. In the northern areas conditions are good. Whether Canada finally raises 50 million bu more or less will not be much of a factor. The chief point to remember is that the export outlets have been dimmed, except those to the U. S., and will not improve much until after there is peace. The United Kingdom, which ordinarily takes half of all the wheat that is bought for European requirements has a different status from before the war. Not only is she trying to conserve in order to make ocean tonnage available for munitions, but she has so increased her agricultural output that the wheat acreage now is double that of the pre-war period, and there is also a substantial increase in the acreage of other grains. On the Continent crops are said to be better than last year, possibly an improvement of 10 to 20% over last year. This includes Germany and the subjugated countries, but, of course, it does not affect the statistical position of grain during the period of hostilities.

We do not have the complete figures of U. S. exports for 1942-1943, but it looks very much as though shipments of wheat and flour had been less than 25 million bu, and thus having started with a crop and carryover a year ago of about 1,613 million bu, it is really amazing how we have helped ourselves out, but, of course, this was done largely through feeding operations and the added requirements for alcohol. To what extent this will be repeated in the year ahead remains to be seen. The government insists that the disappearance will be larger, but owing to the fact that their own stocks are smaller than they were a year ago, we believe there will be some curtailment in feeding operations, or at least if the needs are as great that we can help ourselves out some through larger imports from Canada.

Primary receipts today were 3,627,000 bu, or much the same as last week when they amounted to 3,684,000 bu; a year ago they were 2,497,000 bu. Difficulty in getting freight cars is responsible to some extent for holding up the movement. Kansas City stocks for four days increased 2,307,000 bu. When the visible supply of wheat is posted on Monday it will compare with an increase a year ago of slightly over 8 million bu.

Our market was rather weak from start to finish. Congress adjourned without effectively barring subsidies, which the Administration had wanted, and this leads to the belief that if the OPA is determined to "hold the line," prices may be kept somewhat in check through payment of these bounties. This is causing a little more bearish sentiment, and those who seemed quite sure that the ceiling on corn would be raised are now becoming doubtful as to the prospect of an immediate change. The cash basis at Kansas City was unchanged, but the demand was not quite so good. Final prices here were 2 1/4¢ pe bu lower.

Rye was very weak, stop-loss orders were uncovered, and of course, there have been heavy accumulations, so that reactions were not at all surprising. The same tendencies were noted in oats, with the market rather weak.

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CHICAGO 4, Ill.

July 12, 1943.

The feeding program during the present crop year is the crux of the entire grain situation. The weekly report of the War Food Administration points out that the stocks of corn, and other feed grains on farms at the beginning of the crop year, July 1st, is equivalent to about 28.6 million tons, while the recent government report indicates a yield of corn, oats, barley, and grain sorghums of approximately 107 million tons, which would give us supplies totaling 135.6 million tons. They assume that stocks of feed grains on hand July 1, 1944, will be reduced by 10 million tons, to the low figure of 18.6 million tons. This would make available approximately 117 million tons of feed grains for the 1943-44 season, or about 4% less than the actual farm disappearance of feed grains during the past 12 months. While they point out that conditions may change materially they forecast a twelve-months' disappearance of only 88% as much feed grain per unit of livestock as was used the previous season.

Much attention recently has been directed to the Winnipeg markets, and last week temperatures were rather high and severe in that territory. However, indications are that the weather has moderated, with some scattered showers. The Canadian government report issued on July 9th does not estimate the actual harvest but merely gives a statement of condition , with Manitoba 144% of normal (normal being the ten year average); Saskatchewan is forecast at 123%, while Alberta, where conditions have not been as favorable, is only 90%. As an over-all picture, the condition for Canada is given at 114% of normal against 135% last year. With the crop in Western Canada entering its critical period, generally speaking, prospects can be classified as average, with the season a little backward, although the recent high temperatures have undoubtedly overcome to some degree the tardiness early in the season. As of the week ended July 8th, the country marketings in Canada had totaled approximately 240 million bu. The permissible limit for the crop year ending July 31st is 280 million bu, so it would leave 40 million still to come forward, provided proper shipping and handling facilities are available. For forty-eight weeks, exports from Canada have totaled 202 million bu.

Weather in this country over the week-end on the whole was favorable. Winter wheat is heading in northern areas and beginning to turn as far north as southern Minnesota and Washington. Threshing is in full swing in Oklahoma, and according to the government weekly report, many sections of the main wheat belt report better yields than expected and excellent quality. Combining is pretty well in full force in Kansas, extending into Nebraska. Receipts in the Southwest were quite heavy, Kansas City receiving 1,730 cars, as compared with 1,219 last year; Fort Worth, 337 cars against 211 a year ago, while Hutchinson had 556 cars as compared with 460. Receipts at Wichita and Salina were about 100 cars less than the previous year. Harvest returns in Kansas are coming in very satisfactory, and in many instances show high yields. Reports from Oklahoma are more pessimistic, with Oklahoma reports indicating a yield of 9.5 bushels per acre, or a decrease of 2 bushels per acre since June 1st.

When the visible supply was posted this morning, it showed an increase of 10,546,000 bu, compared with last year's ~~shrinkage~~ of 8,029,000 bu. The total now stands at 152,101,000 bu, or 44,869,000 bu less than the previous year. Chicago stocks increased 318,000 bu, and are now 3,328,000 bu. Primary receipts were 7,404,000 bu against 4,462,000 bu last year; there is no figure available for a week ago owing to a holiday.

While hedging pressure assumed no large proportion, throughout the session wheat was offered for sale. The open interest on Saturday again increased about 900,000 bu, and now stands at 42,676,000 bu. With the favorable weather and some hedging, bullish enthusiasm of last week was somewhat lacking. At the close July wheat was 3/4¢ per bu lower, and September 1/2¢ off.

The Baldwin Elevator Co. reporting from Illinois claims that even though corn acreage was not planted until early June, growing conditions have been very favorable, and the crop is responding to periodic rains and warm sunshine. There was some profit-taking early in rye, but strength was gathered during the session.

Apparently there is still no great demand for rye in the Chicago area, although other sections are doing a better cash business.

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CHICAGO 4, Ill. July 13, 1943.

According to one press dispatch, it is contemplated that within the next forty-eight hours, the War Food Administration will announce that all restrictions on food production for 1944 will be abandoned. From the same source it is stated that public announcement is supposed to be made today of the wheat goal for next season. In many circles it is believed that farmers will be called upon to increase their wheat plantings from 52 million to 68 million acres. If these prognostications come to pass, it will mean the abandonment of acreage allotments as a means of regulating agricultural production, which program was ushered in in 1934, with the slaughter of pigs and the plowing up of cotton in an attempt to cut down surpluses of farm products. What policy will be pursued to achieve the increase in production goals is not clear, and whether it can be announced in the near future is a matter of question, as Congressional consent may have to be obtained to fully carry out the new program. This in turn may have a very direct bearing on the price structure of agricultural products for the future.

The U. S. Chamber of Commerce, in a very able article by their Agricultural Department Committee, points out that price uncertainties have been one of the contributing factors to food shortages. "Price uncertainties are traceable largely to the emphasis which federal agencies have placed on the importance of protecting the consumer buying power and the bringing about of reforms in the food industries, while inadequate consideration has been given to the importance of early determination of price policies and adequate recognition of the cost of production." They follow through with a discussion on individual items but call attention to the fact that the new program will place less emphasis on meat production and the greater utilization of a larger portion of available feed supply for dairy animals and poultry, and that plans are in the making for changing the consumption habits of the American people to the greater use of cereals and vegetables. However, it might be stated that flour millers are somewhat concerned over the decline in the domestic purchase of flour, due to the rationing of shortening, which is so essential for baking. They apparently believe that subsidies result in economic conflicts and that an extensive use of subsidies to lower the cost of living liberates more buying power and passes on to future generations the obligation for us to pay the additional part of food costs. It is an old adage that figures do not lie, but they can be used to serve one's purpose. According to the source quoted above, the average index of farm prices stood at 187% of the 1910-14 averages, which is the base period for figuring parity. While other figures have been used to show the comparative rise of farm income, wages, etc., if they are all set back to the 1910-14 averages, weekly factory wages have risen 371% from that period, and non-agricultural income 462%. It would, therefore, appear that from the base period, agricultural income has not kept pace.

Primary receipts were 4,559,000 bu compared to 9,425,000 bu last week, which includes the holiday receipts, and 2,408,000 bu last year. So far this week Minneapolis and Kansas City show a net increase of 1,354,000 bu.

The CCC has announced the resumption of the selling of feed wheat. While we have not seen the official details, it would appear that the price in the corn belt will be not less than the $1.05 per bu, the national parity for corn. There was also talk today that millers are seeking relief from the grain action for alcohol, and some thought was expressed that a program might be worked out whereby distillers would obtain half of the wheat necessary for alcoholic purposes from the government, and half from regular cash sources, with the idea that the government would recover feed products from the distilling, and in that way the selling of the wheat might be classified as coming under the feed program.

There was some evidence of milling business, and it is reported that one southern chain was a rather heavy purchaser. Hedging pressure was not particularly heavy, although receipts in the Southwest were large for a Tuesday, Kansas City receiving 625 cars against 371 last year. At the close of the market July and September wheat were 1/2¢ per bu higher.

The prospect that wheat might be made available to distillers led to an easier feeling and liquidation in rye. Toward the end of the session announcement was made that the CCC was authorized to sell barley and rye for feed at the prevailing market price. However, this is of no great significance, as it is doubtful whether the CCC owns as much as 500,000 bu of either rye or barley.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill.

July 14, 1943.

News from the Mediterranean theatre of war continues most favorable, and one news source reports that the allied nations are already proceeding to send food and supplies into Sicily for the relief of the populace. As invasion and occupation continue, there is no doubt that through capable leadership the United Nations will assume responsibility for the life, health, and rehabilitation of the victims of tyranny. However, many complex and difficult problems will have to be met. The length of the war and the rapidity of invasion will have a direct bearing. No matter how high the aims of the United Nations may be, they lack the combined resources to feed and clothe all the occupied and enemy countries. The resources of those countries will have to be used, and the United Nations will need the products of farms and factories of the Continent. But if progress and retreat of the enemy is slow and they have the opportunity to carry out the policy of "scorched earth," the problems will become greater. It is to be desired that men of practical experience will demand that all non-essentials in aims or methods, no matter how great their individual merit may be, will be thrown overboard or set safely aside to await calmer days. The real test of reconstruction will demand thrift, efficiency, and speed, and the question will no doubt arise whether finally the actual rehabilitation should be done by private corporations or government agencies, whose efforts, as practiced in this country, are delayed by a system of checks and balances.

Broomhall reports that as a whole progress of the wheat crop on the Continent has been fairly satisfactory, with the possible exception of Portugal and Spain, although no estimates are available at the moment on production. He further reports very favorable progress of the crop in the United Kingdom, with yields promising to be heavy, possibly exceeding last year. From our own Northwest, we are in receipt of a communication from a very good friend, who advises that wheat generally made good progress in the preceding two weeks, and that although temperatures of the past week were on the high side, there was no extreme damage. He figures that there is a possibility of better than 20 bu per acre yield, which could give a crop of spring wheat around 300 million bu. The government weekly grain report states that as a whole the weather the past week was favorable for small grains although rain will be needed in some extreme northwestern areas for proper filling. They advise that the harvesting of winter wheat is very close to completion in Kansas, with the exception of the northwestern section. Work has advanced in central Iowa, central Indiana, and some cutting is taking place in the southern lake region. They comment that yields range from good in the Ohio valley to better than first anticipated in the Western Plains. Favorable conditions in wheat are also reflected in the weekly reports of the individual States. The Canadian report indicates that generally hot weather induced rapid growth of crops during the last week, although there was some deterioration in the Prairie Provinces where moisture was deficient.

Primary receipts totaled 3,951,000 bu compared with 3,842,000 bu last week, and 2,443,000 last year. So far this week Kansas City and Minneapolis stocks show a total increase of 2,101,000 bu. Carlot receipts in Kansas City and five other southwestern points totaled 1,582 cars, or approximately the same as last year.

The open interest in wheat continues to rise --yesterday it was increased by 1 1/2 million bu. This, no doubt reflects hedging sales, and while the pressure is not great in the pit, some effect is being exerted. At the close July wheat was 1/2¢ per bu lower, and September was 7/8¢ lower.

The government weekly report states that in the principal corn producing areas corn has improved materially. Favorable temperatures caused rapid growth and some early fields were reported tasseling as far north as northeastern Nebraska. Showers would be helpful in certain sections but no urgent need is felt. However, with the lateness of the season good growing conditions must prevail for the late fall.

The renewal of the government's wheat feeding program seems temporarily to have dampened some of the bullish enthusiasm for rye.

UHLMANN GRAIN CO.

********We wish to make a correction in some figures mentioned in our market letter of yesterday. Where reference was made to the index of farm prices, weekly factory wages, and non-agricultural income, these figures should be expressed in terms of the index rather than the percentage, using 100 as the base in the period of 1910-14.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

July 15, 1943

Possible action on ceiling prices, rollbacks, etc. naturally still dominate the thoughts of the trade. Price Administrator Prentiss Brown announced this morning at a press conference that the price of corn will remain at present levels, apparently feeling that this cereal is moving to market under present price regulations, now that uncertainty has been removed as to the desire of the Senate to require higher prices. In making further announcement in connection with the resignation of L. R. Maxon as Deputy Administrator of the Office of Price Administration and the appointment of Elliott Marple to temporarily fill the vacant position, Mr. Brown stated that relief would be forthcoming shortly from the promised "rollback" of prices to the September 15, 1942 level. Naturally in attempting to manage the complex activities of a country like the United States, it must be expected that there will be some conflicts, confusion, and resentment, although it still remains to be determined through trial and experience whether a substitution of overhead regulations for the impersonal flow of the price system is practical, even in the war economy. As one authority has stated, "Farm production is by millions of individuals. It is carried out under widely varied conditions. Experience is showing that its direction by an overhead authority without the assistance of price changes is a task of probably insurmountable complexity."

Weather on the whole in this country remains favorable for crop development, although some concern is being expressed over conditions in Canada, where temperatures have been rather high and moisture scarce. Sanford Evans, in his crop summary of July 14th, states that generally Manitoba has adequate to excessive moisture supplies, with conditions mixed in Saskatchewan and Alberta. The continued hot weather has caused the wheat plant in the Saskatchewan province to draw heavily on the reserve moisture, and that outside of the Peace River area, crops in Alberta have gone backward. Of course, with any normal weather there is still plenty of time for deterioration to be retarded.

In looking at the overall world wheat situation, the Wheat Studies of Stanford University state that although in the four chief exporting countries: that is, the United States, Canada, Australia and Argentina, wheat utilization will probably run 300 million bu larger than the maximum reported in the record year of 1930-31. Yet they point out that the United States carryover will be the second largest on record, and that August 1st stocks in Canada will be heavier than ever before, as well as in Australia and Argentina, and they project that the four chief exporting countries will start the new crop year with stocks on hand of 1,705 million bu. Sanford Evans reports from Argentine indicate that the weather last week was favorable, although abundant rains in various districts have somewhat delayed wheat sowings. From reports which we have received, the drought has apparently definitely been relieved, and rainfall in that country since the first of the year is now well above normal.

Primary receipts were 4,178,000 bu compared with 3,363,000 bu last week, and 2,292,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a net increase of 2,624,000 bu. Carlot receipts at Kansas City were heavy today, totaling 893 cars against 375 a year ago. Interior points, such as Wichita, Salina, and Hutchinson are running about comparable to the previous year.

The milling demand is still lagging, and while hedging pressure is not exceptionally heavy, it is exerting some pressure on the market. The announcement from the OPA office that corn ceilings would not be raised, and that the "rollback" program might be envoked shortly, led to some discouragement amongst longs. A latter announcement from Administrator Brown stated that the Commodity Credit Corporation funds would be used if necessary to stabilize bread prices at within the "hold the line" limits. Whether this indicated that millers might be subsidized remains to be seen. At the close July wheat was 3/4¢ per bu lower, and September 5/8¢ off. On the other hand Winnipeg registered higher prices with unfavorable weather reports.

Rye was under heavy liquidation, and lost ground very readily.

Oats were also lower, with 40 cars of oats received in Chicago today.

UHLMANN GRAIN CO.

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CHICAGO 4, Ill.

July 16, 1943

Regardless of one's past experience in handling farm products and analyzing statistics and conditions, it is impossible under the complexity of war economy, where the guidance of automatic price change is no longer effective, to formulate any clear-cut view of the price trend until policies have been definitely determined. The entire question of food supplies for a country as vast as the United States has always been intricate and formerly was held in balance by price changes, which in turn automatically affected supply and demand, as well as distribution. In years past, demand for a product which had become scarce was offset by the use of cheaper and more plentiful products. On the other hand, if too large a surplus of any one item appeared on the market, attractive prices would usually hasten consumption. Now that we are attempting to manage through an overhead authority, judgment will have to be suspended until all plans have been completely formulated and put into operation.

A group of Senators from the wheat states has argued that in order to assure the increase desired in acreage planted to that cereal, the producers must be offered a greater price incentive. According to a press dispatch, Mr. Prentiss M. Brown, Price Administrator, stated that if discussions now goin on materialize, the wheat move would be a CCC subsidy, by which that agency would buy grain at parity, or support prices, and sell to millers at levels permitting maintenance of the current price of bread. As Mr. Brown expressed it, "This will be a 'hold-the-line' subsidy not a 'rollback' subsidy. We will not let the price of bread rise, and we will use the CCC to protect the price." It is further stated that the Office of Price Administration is preparing to go full speed ahead on the food subsidy program, with flour being one of the first products in mind to be treated. Whether this indicates that wheat prices will be permitted to advance as far as full parity and then in turn sold to the millers, so as to permit them to operate at the present current flour ceilings, is not clear. There are probably no two millers or no two bakers who have the same cost of production. Some formula might be evolved similar to the manufacture of munitions under a cost-plus system. However, should these suggested plans be carried to finality, it would seem to be indicative of more and more actual merchandising of grain by government agencies, and less and less through private channels. We have expressed ourselves so many times on this particular phase that it is hardly necessary to repeat, but should the efficient system of the private industry in handling the farmers' grains be further curtailed and disrupted, we are very fearful of repercussions and after effects. So far experience has not proved that it is more practical in normal times in a democracy to exercise the kind of detailed regulation in business and daily life which is now being undertaken in the war effort.

The movement in the Southwest continues; Kansas City, Wichita, Salina, Hutchinson, Fort Worth, Enid, and Amarillo had combined carlot receipts today of 1,502 cars, as compared with 1,244 last year; however, the biggest increase was at Kansas City, where the total was 677 cars.

Even though there are uncertainties, we still cannot refrain once in a while from looking at statistics. Sanford Evans estimates that for the crop year of 1942-43 total exports from the United States for the 52 weeks amounted to 23,230,000 bu, and that for the first week of this new-crop year, only 350,000 bu were exported of either wheat or flour. He further points out that from August 1, 1942 until July 8th of this year Canada has shipped over 51 million bu of oats to the United States, and approximately 29 million bu of barley.

Primary receipts were 4,326,000 bu against 3,627,000 bu a week ago, and 2,569,000 the previous year. So far this week stocks at Kansas City and Minneapolis show an increase of 3,401,000 bu, which might suggest a somewhat smaller increase in the visible supply on Monday as compared to a year ago when the visible enhanced 8,041,000 bu

There was not a great deal of feature to the wheat market today, many traders being somewhat confused as to future Washington policies. The open interest in wheat has been increasing every day, indicating hedging of new supplies. At the close the market was 3/8¢ per bu lower.

Rye was again under liquidation, and evidently the long interest has become stale. There were some indications that a sizeable amount of receipts to go out of Chicago have been cancelled.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

July 19, 1943

Probably one of the most constructive steps taken in meeting the food problem of this country is the recommendation to expand acreage planted to wheat - the staff of life. We have been more than favored the last few years with rather abundant crops on a comparatively small acreage, but it would be unwise, as well as short-sighted to figure that Nature will always be so provident. In studying the wheat production for the past number of years, there is a great variance between the acreage planted, harvest, and the final yield. With further invasion and occupation of devastated countries, the only course to pursue is to prepare for ample supplies of foodstuffs; and this can only be done by having adequate acreage planted.

In looking over past history, we find that in the harvest year of 1931, the seeded acreage was 66,463,000 acreage, which produced a crop of approximately 941 million bu. However, in 1933, with a 69 million acreage, production, through drought, dropped to approximately 552 million bu; and in 1934, with 64 million acres sown, the yield was only 526 million bu. 1942 was probably one of the most favored years for agriculture - weather conditions were practically ideal, and with around 52 1/2 million acres seeded, the outturn was about 981 million bu. In that year, the yield per seeded acre averaged 18.7 bushels, while in the drought year of 1933, the yield was only 8 bu per acre. Had we been unfortunate in 1942 to have again encountered a severe drought, on the basis of the 1933 yield, the production would have been less than 450 million bu. Therefore, it becomes very apparent that the acreage of the past few years would not have been sufficient except under the most perfect conditions. With the demand for food abroad, feeding, and alcohol purposes, the acreage must be expanded in order to afford us proper protection.

Naturally the simplest way to encourage farmers to further production is to assure them enough labor, proper transportation to move the crop, and assurance of their ability to market wheat at profitable prices. It would seem that a critical supply situation would be more damaging to this country and to the war effort than any inflationary tendencies if the price of wheat were permitted to rise somewhat from present levels.

There was some moisture in the three Canadian provinces over the week-end, but it was more in the nature of scattered relief, and further rains would be welcome. Broomhall points out that of a crop in western Canada last year, 578 million bu, plus 10 1/2 million bu which remained in farmers' hands on July 1st, 1942, there were still left for export on July 14, 1943, 683 million bu, with only two weeks left of their present season. He, therefore, estimates the carryover in that country will be close to 660 million bu, and if the outturn of the new crop should total 300 million bu for all of Canada, there is a possibility that our northern neighbors may start the new season with combined supplies of approximately 960 million bu. In studying the Canadian farmers' marketings, under their permissible limit of 280 million bu, there still is available for delivery for the last two weeks of the crop year slightly over 35 million bu. This would indicate either the inability to afford transportation facilities, or that the farmer may be holding back in the hopes of obtaining higher prices, as during the coming year he can deliver either old or new wheat.

In this country, the weather has been favorable, and harvesting is proceeding. One of the main difficulties facing the farmer is labor and shortage of transportation. However, Kansas City today had 1,476 cars compared to 506 a year ago; while carlot receipts for Kansas City, Salina, Hutchinson, Wichita, Fort Worth, and Enid totaled 2,625 cars against 1,440 a year ago.

When the visible figures were posted they showed an increase of 13,189,000 bu and now total 165,290,000 bu which is 39,721,000 bu less than last year. The Chicago supplies increased 92,000 bu and now total 3,420,000 bu. Primary receipts were 7,801,000 bu compared with 7,404,000 bu a week ago and 3,372,000 bu for the comparable day last year.

Our market opened lower somewhat affected by rye which seemed to be under liquidation most of the session. This latter cereal is not going into consumption very rapidly and at the moment distillers are more interested in wheat than rye. Towards the latter part of the session with strength in Kansas City due to outside buying, our market recovered and at the close July wheat was 1/4¢ a bu lower while September was unchanged. Winnipeg was weak. Our advisors state that there was some liquidation on the part of several houses as well as the lack of buying support.

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CHICAGO 4, Ill.

July 20, 1943.

While the old adage runs --"History repeats itself," there are never two sets of conditions which are parallel. The situations which confronted the exporting nations in World War 1, and the post-war era are in no way comparable to present conditions, and what will be faced after hostilities have ceased. During the first conflagration supplies were accessible to Continental Europe, with the exception of those nations actually engaged as our enemies, and devastation was comparatively small. Today, through invasion and conquest, with the exception of a few neutral countries, the Continent is practically isolated; destruction, and the commandeering of resources has been tremendous, with consequent suffering on part of the general populace. Undoubtedly, the demand which will be made upon the Allies will be extremely heavy, with the brunt through lend-lease falling upon the United States. Prior to World War 1, exports of wheat averaged close to 600 million bu annually. For the crop year of 1919, wheat exports were 450 million bu; however, this only included a half year of peace. In 1920, the first full crop year after the war, exports totaled 584 million bu, and they progressively increased until 1924, whendue to crop failures in Europe, yearly exports reached 775 million bu.

It seems apparent that our Allies are looking to us to carry the major load of feeding the world during the war and also the period immediately following. Therefore, it behooves us to produce to our fullest extent. This means the elimination of acreage restrictions, and using our natural resources. It is estimated that the land area of this country comprises less than 6% of the land areas of the earth, with the population in about the same proportion. As a whole, we do not produce as much per acre as some of the European countries, where restricted areas have necessitated more extensive cultivation, but in the United States we have the most efficient farmers and the best machinery. However, no matter how hard we try we do not have the resources to feed the world, and it does behoove us to encourage production until such time as the stricken nations have been rehabilitated.

Federally inspected hogs slaughtered last week at 27 meeting stations were 25% larger than the previous week, and 35% larger than the corresponding week of last year, reflecting larger farm marketings of live hogs, due probably to the situation created in corn, and the fear of ceiling prices on heavier hogs. In fact, it was announced yesterday afternoon in a joint statement from the Office of Price Administration and the War Food that a hog ceiling of $14.75 CWT will be ordered early next month. In other words, there will now be a floor of $13.75 and a ceiling of $14.75. Whether or not this will help the general corn situation is not clear, although from the surface it does not appear that where a feeder can get the equivalent of $1.25 to $1.35 he will elect to sell much to industry with a ceiling price of $1.07.

Another overnight item of note, indicates that government officials in preliminary work in connection with the purchase of the new Cuban sugar crop, are considering allocating a substantial portion of sugar direct to the manufacture of industrial alcohol. If this program should materialize, it would have an effect on the consumption of grain for that purpose, as it is estimated that 90 million bu of federally subsidized grain was consumed by alcohol producers through June 30th. This would probably influence rye more than wheat, as the latter cereal is going into consumption for feeding purposes very rapidly, while many purchasers of rye had anticipated a large usage of that cereal for alcohol purposes.

Primary receipts today totaled 4,329,000 bu, which compares with 4,559,000 bu last week, and 2,449,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 632,000 bu. Carlot receipts in Kansas City again were rather heavy versus a year ago --345 cars against 140 last year.

There was no change in the general routine of grain news, and so far there is very little evidence of a revival of milling demand. The open interest has increased to approximately 49 1/2 million bu, which is 10 million bu more than on the first of the month. The market moved in a rather narrow range, and at the close was 1/4¢ lower for July and 1/8¢ per bu higher for September.

A dispatch from Iowa points out that grain stocks in that State as of July 1st, although somewhat larger than a year ago, otherwise, are the smallest since 1938. There has been a disappearance from farms in that State during the first six months of 1943 of 278 million bu, of corn, which is the largest on record, and 103 million bu of oats.

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CHICAGO MERCANTILE EX.

July 21, 1943

The War Food Administration has recently announced its production program for 1944, and it is hoped that a total of about 380 million acres will be sown to all crops in order that we may maintain production of meats, dairy products, and eggs at high levels for next year. More specifically, a goal for planting 68 million acres to wheat, is about 26% above the indicated seedings for harvest this year. This, in our opinion, seems to be a very wise policy, owing to the fact that bumper crops are just as scarce as are crop failures. Therefore, it would be unwise to count on extra-ordinary yields even though for the past few years farmers have been cultivating more intensively, using better fertilizers, and trying to get the best possible results from their efforts.

The chances are that our spring wheat crop will yield somewhere between 275 and 300 million bu. In fact, it is the third year in a row when we have had bountiful crops in the Northwest. For many years, due to insufficient rainfall at propitious periods, spring wheat crops turned out badly even on large acreages. If we expect to take our part in feeding the world as certain countries are liberated, and later on carry out this work on a much larger scale, it will be necessary to mobilize all of our productive forces in order to balance out farm production with potential needs. At least during the emergency this seems to be the safest course to pursue.

In some respects the government's program for record planting seems large in comparison with the previous peak of 377 million acres in 1932, but nevertheless cognizance is centered on the tremendous demand for food which will arise for some time after hostilities have ended. We have also had the experience during the past season of using tremendous quantities of wheat for feeding and other unusual purposes, so that even lacking an export market our home needs are much greater than in former times.

At the moment there is some pressure apparent in the wheat pit, with the open interest enlarging, and doubtless this will continue when the spring wheat movement gets under way, although Minneapolis prices are about 5¢ per bu lower than the loan. Therefore, impoundings are bound to be heavy. A loan rate of $1.23, being the national average, has premitted producers to market their crops in an orderly fashion. Moreover, with the shortage of box cars, there is not likely to be a burdensome pressure at any time. Chances are that lowest prices may be witnessed during the next thirty days, but even under the conditions which we have cited, we are not looking forward to any very sharp breaks.

Primary receipts were 4,509,000 bu compared with 3,951,000 bu last week and 1,794,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1,114,000 bu.

In spite of the large primary movement markets were rather firm, and most people seem to figure that the time to accumulate grains is when receipts are the heaviest. Very little attention was paid to weekly state reports calling attention to favorable temperatures in the Northwest, and while it is still about two weeks before that crop will be cut, there are some who believe that present prospects are favorable for a larger crop than was harvested in 1942. If this happens, we may import spring wheat from the Northwest to Chicago, and already our July wheat is showing greater weakness in comparison with the deferred months, today's carrying charge being the widest in some time. It is thought possible that deliveries of spring wheat will be made on contracts. With Minneapolis futures at a big discount under Chicago, there is no particular incentive for eastern mills to get their supplies from this market, as undoubtedly lake navigation from the Northwest would be more attractive. At the last prices were 1/4 to 1¢ per bu higher.

Oats and rye were firm but at times selling orders were experienced, but long liquidation was pretty well absorbed.

UHLMANN GRAIN CO.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

July 22, 1943

A little more attention is being centered on crop prospects in Canada; it is probably a fact that in the Prairie Provinces wide-spread showers and cooler weather of last week had been beneficial, particularly in areas adjacent to the drought-stricken zones, but there has been enough deteriorated territory so that only crops on summer fallowed land are likely to gain much from the recent precipitation. This morning high temperatures were reported, with the result that Winnipeg quotations were sharply higher, and this had a stimulating effect here, particularly since new pressure was extremely light.

Reports from Europe indicate mostly satisfactory progress, and harvesting now is progressing. Heavy yields are expected in the United Kingdom, which is particularly important since Britain is about the only large importing country able to take sizeable quantities from the surplus nations.

It is rather interesting to note that despite a rather large surplus of wheat in the Argentine that their Department of Agriculture, under the new government is disposed to regard favorably an increase in wheat plantings, notwithstanding any obligations which were previously incurred to reduce acreage. This change of policy has been brought about due to the fact that a greater quantity of grain and seeds has been used for fuel as a consequence of the war. Corn stocks are expected to be largely exhausted by the end of the season. First of all, a very poor crop was raised; and secondly, large quantities were burned for locomotive power. Thus, the reserve stocks which were so conspicuous a year ago will soon have vanished. As for soil conditions in that country, they were reported by Broomhall as being favorable, and seeding continues on an active basis with a possibility that the linseed acreage as well as that for wheat will be enlarged.

In Australia, conditions are less optimistic, seeding is backward in some sections, and well advanced in others. However, domestic consumption of wheat has been unusually heavy this season. This is fortunate in view of the small export outlets.

We continue to send only small quantities of wheat and flour out of the country, and for the first two weeks of the crop year about 700,000 bu has been shipped, or approximately the same rate as for the closing weeks of the 1942-43 season. However, domestic consumption should again be heavy. While no large quantities of wheat may be made available from government stores for the manufacture of alcohol, it seems very likely that the Defense Supplies Corporation will authorize distillers to buy any commodity with the exception of corn for the manufacture of alcohol. If this is done in the open market on a cost-plus basis, as is thought possible at the present time, it will naturally give added impetus to bullish operations, as it means just that much more consumption than if processed largely from sugar, molasses, or kindred articles.

When our market opened this morning prices were rather firm, and there continues to be no abatement in the demand for wheat offal. Also ground wheat seems to be in fair demand, and a sizeable volume is moving into consuming channels, probably the result of limited corn offerings. The corn-hog ratio for Chicago for the past week was 12.7 versus 16.5 a year ago. This is about the lowest comparison in some time.

Primary receipts were fairly heavy at 4,104,000 bu compared with 4,178,000 bu last week, and 2,053,000 bu last year. Kansas City and Minneapolis stocks show a total increase so far this week of 1,593,000 bu.

The wheat market was rather firm from start to finish. Sentiment generally is friendly, and more people are of the opinion that after the spring wheat movement is over better prices will prevail. Final prices were up 3/4¢ per bu.

Oats were quite strong, and while there may be some pressure from the Northwest as hedges are placed here, we do not look for burdensome accumulations at terminals, as consumption at home again will be heavy.

Rye showed a fairly good undertone, considering that some liquidating orders were placed in the pit; it was thought that these might have been for distiller interests who were getting out of long commitments.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

July 23, 1943

There seems to be very little change in the statistical news of wheat from week to week. In a fortnight Canada will close her present crop year, and exports, as near as we can judge, have amounted to about 209 million bu. That country has made by far the largest shipments of any of the surplus nations, and in addition has consumed more at home for feeding purposes than in normal times, but having started off on August 1st, 1942, with total supplies of 1,016 million bu, there will still be a very large reserve stock on which we could draw in case feeding requirements made it necessary to do so.

Temperatures in Canada, generally speaking, were somewhat lower. There had been no rain overnight, but the highs on the thermometer recorded 77 to 87 degrees yesterday, which was somewhat more moderate than for the previous day. It is also rather warm in our Northwest, but if anything, this is hastening maturity of the crop, and we hear of very few complaints. Van Dusen Harrington Co. point out that while adverse weather conditions could still materially effect the final outcome, small grain crops in the Northwest are approaching maturity with the promise of satisfactory results. They say that the exceptional outturn of a year ago will not be duplicated, but that nevertheless a good average crop appears almost assured. With this situation and the likelihood that spring wheat hedged will come, not only into the Minneapolis market, but here as well, there seems to be no great hurry for making purchases at least for the next thirty days. On the other hand, with large quantities again going into the loan there will not be the pressure which might otherwise be expected.

There are certain members and officials of the OPA traveling in the field. It is not known exactly what their purpose is, except that it is intimated they are gathering information in the event wheat ceilings are later introduced by high-up officials. The President at his press conference today stated that the administration was working on plans relating to food prices, but that these plans were being formulated to accomplish objectives of the law. He said that whatever plans would finally be adopted would undoubtedly have to be referred to Congress inasmuch as those laws enacted by Congress had placed some limitations on the manner in which anti-inflationary activities of the government would be conducted. Certain labor leaders have insisted that "roll back" of prices would be necessary if wages were to be maintained at present levels. This brings to mind that there may be further attempts to hold prices more or less in check, although at this writing nobody can be sure as to how far the advance may go before some type of action is undertaken.

According to Broomhall, there will be no material change in the over-all acreage situation of the Southern Hemisphere countries. Based on preliminary private reports, Argentina may plant 18 million acres, which would be a slight increase over the previous season, but would be offset by reduced plantings in Australia, where possibly only 9 million acres may be sown. The total of 27 million acres will just about balance plantings of 1942, but would be a reduction of about 4 million acres from the average of the five years just prior to war. Besides this, the Argentine carryover may be somewhere between 200 to 225 million bu at the end of 1943, but even this is difficult to forecast accurately owing to greater utilization at home, and the possibility that some wheat will be burned for fuel, according to present planning on part of their officials. In any event, the reserve stock may still be of record, or close to record, proportions.

Primary receipts were 4,321,000 bu, or much the same as last week when they amounted to 4,326,000 bu; this compared with 2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 2,100,000 bu. When the visible supply is posted on Monday it will compare with last year's increase of 6,815,000 bu.

Wheat prices were slightly reactionary, no special pressure, but with the spring wheat movement still ahead there seems to be a pause in buyers' activity, and enthusiasm is not as great as it was a few weeks ago. This may all change, however, later on. Final prices were 1/8 to 3/4¢ per bu lower.

Rye was also weaker, with heavy liquidation in the July contract. Oats were strong, influenced by the expiring future which increased its premium over other months. Otherwise, there was not much feature to this cereal.

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CHICAGO MERCANTILE EX.

July 26, 1943

Important news over the weekend was all political, but the sudden disappearance of Mussolini, who had risen from the gutter, caused much speculation as to how this would affect the Italian nation, and what the direct implications might be. Radio Rome announced that effective today it was discontinuing its daily morning lesson in the German language. Everyone has known for some time that the Allies would not deal with Italy so long as Mussolini was at the head of that government. The change will at least permit peace terms to be discussed, and we understand that the British cabinet will meet soon to decide its attitude toward the new government. Much will depend on whether the New Premier, Mr. Badoglio, will throw over the facist system, or whether there has been merely a substitution of Prime Ministers.

On the theory that peace talks might soon be negotiated, Winnipeg prices for wheat were somewhat higher, and this was only natural since large quantities might be needed for rehabilitation after a long period of great privation for the populace of Italy. This might be one of the prime factors at the peace table in order to prevent civil strife to a nation which has been partially starved for years in its effort to carry on warfare.

Our own markets were somewhat weaker, and while there was no heavy liquidation, there must have been some hedging in the pits, as wheat receipts generally were large, with Kansas City, Hutchinson, Wichita, Salina, and Fort Worth having received 1,496 cars of wheat compared with 1,007 a year ago. In the Northwest there was also a bigger run, chiefly at Minneapolis, with that market and Duluth having received 1,498 cars, while a year ago there had been only 936 cars.

News pertaining to crops is generally favorable, and according to the government weekly report, corn planting in Illinois, which had averaged 2 to 4 weeks behind schedule, still showed that the plant had recovered fairly well. The planting season was rather similar to 1935, although the outcome is still more than usual dependent upon a favorable fall. Due to satisfactory moisture conditions earlier in the season, quick germination took place, there were favorable conditions for early growth except in southern Illinois, and later fair to good weather for cultivation.

As to the corn yield per acre, the outlook is for 43 bushels compared with 54.5 last year, 10-year average of 39, and the past six-year average of 49 bushels. In oats, prospects are also good. The yield per acre is thought to be 38 bu compared with 40 last year, and an average of 33 bushels. Also the quality outlook is above average.

Primary receipts were reasonably large at 6,351,000 bu compared with 7,801,000 bu last week, and 2,862,000 bu last year. When the visible supply of wheat was posted it showed an increase of 9,658,000 bu, which places total supplies in all positions at practically 175 million bu, which is 36 3/4 million bu smaller than last year. In Chicago we had an increase of 783,000 bu, with total stocks 4,203,000 bu.

Trade was not particularly heavy, but there was some liquidation in sympathy with the lower stock market, and the Italian news, of course, shows every sign that something bad is developing in that enemy country. Possibly it was only a hollow shell which started to crack after Sicily had shown signs of crumbling. This, of course, leads to thebelief that Germany may also be nearer to the end than was thought possible a little earlier, and that even Japan may be falling far behind in relative strength. Having gained air supremacy, the American forces are certain, or at least highly confident, that given a chance they can soon turn their entire offensive in Europe on Germany. This alone may not win the war, but air power properly used can surely reduce man-power needs greatly, and thus cut down our losses.

At the close of the market wheat was 1 5/8¢ per bu lower. Weakness of the leading cereal spread to other pits, and there seemed to be some liquidation, with rye also a fair loser for the day; even Winnipeg was finally influenced, although they held comparatively better than other markets.

Oats were reasonably weak, and some of the recent buyers were apparently on the selling side, so that without much new support prices dragged lower.

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CHICAGO MERCANTILE EX.

July 27, 1943

Stocks and commodities were weak yesterday on hints of peace, and today with the Italian people practically demanding an end of hostilities, and likely to have their way, there was a further trend in the downward swing. However, we must not lose sight of the fact that even when Italy and Germany accept unconditional surrender that it may not be the end of inflation. We do not know what the President will discuss in his fireside chat tomorrow night. Probably he will touch on the dangers of rising wages, and higher prices for commodities, but on the other hand, there will be a long stretch after our armies are demobilized when men must be gotten back into useful employment, and when undoubtedly huge sums of money will be spent in various governmental operations. Therefore, it is quite doubtful whether inflationary tendencies can be halted or checked to any great extent after peace is declared, particularly as we shall probably have fewer restrictions than at present. This is a factor which traders must not overlook.

When our market opened this morning there were other considerations. The CCC had apparently taken greater cognizance of the feeding situation, which will also be a factor for several years to come; they have practically earmarked the government-owned stocks for that purpose apparently feeling that there was sufficient wheat in private hands or from this year's crop, which would not be impounded, to take care of commercial interests, the mills, cereal companies, etc. Thus, we shall have many artificial situations still with us. With wheat in the Northwest below the loan price in that locality, a good deal of grain from the 1943 season will again be frozen. This all suggests that no big breaks are in sight, particularly since chances for peace would also create at least temporarily, a much bigger demand from the surplus nations.

During the past week temperatures in the Northwest have been reasonably high; the thermometer registered low 90's almost every day; rainfall was confined to scattered thunderstorms, and a few more complaints are now heard that the late crop will need more moisture. Thus, final results may be somewhat poorer than had been earlier anticipated. It will be another ten days yet before accurate estimates can be made. Cutting of barley and oats have already started in southern North Dakota and Montana, and they will be cutting the early wheat in that area probably towards the end of this week, but combining is probably still two weeks ahead. In the meantime, there is still a considerable amount of old wheat moving to Minneapolis and Duluth - some of it for the account of the government, but these two markets today have a total of 902 cars compared with 680 last year. In the Southwest receipts are also keeping up pretty well, and we find that Kansas City, Hutchinson, Wichita, Salina, Fort Worth, Enid, and Amarillo had a total of 744 cars of wheat compared with 514 last year. Were it not for the car shortage the showing might be somewhat more favorable.

Primary receipts amounted to 4,410,000 bu, much the same as last week, when they amounted to 4,329,000 bu; a year ago they were 2,035,000 bu. Kansas City stocks so far this week show an increase of 519,000 bu.

The open interest continues to increase, being over 50 million bu now, but this is not especially large considering that there is 175 million bu of wheat in the visible supply, and we can draw only one conclusion: namely, that a fairly large percentage of grain in the country is not hedged as in other years.

Trade was of moderate proportions, and probably increased a little when the stock market turned weak and lower values were registered for cereals.

Rye, which has had a big following, and where the open interest amounts to nearly 39 million bu led other grains to a lower close. Final wheat prices were about 1/2¢ per bu lower, and declines were cushioned somewhat by a better milling inquiry.

There was very little feature to oats. The December future was slightly lower, but the May showed a slight advance, and trade was of rather small proportions.

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CHICAGO MERCANTILE EX.

July 28, 1943

While peace with Italy is probably in the offing, we are at the moment having an interim period, and it is probably premature to speak of an imminent armistice. Nevertheless, there are many signs pointing to progress, and while Premier Badoglio has not submitted any offers, it is a fact that ArchBishop Spellman, of New York, who has frequently been mentioned as a possible go-between for peace negotiations between Italy and the Allies has cancelled all engagements in South Africa, and he left Pretoria today by plane for an undisclosed northern destination. In the meantime a good many Italians have been killed or wounded in riot which have developed, and despite marshall law in that country there hav been pitched battles between fascist blackshirts and the regular army troops in the northern industrial center of Milán.

Markets this morning were rather nervous. This was especially true in securities, where the opening came half an hour before the opening bell in grain. Some stocks were higher, others lower. Therefore, there was little cue às to how the financial world was sizing up latest developments. Grains opened rather firm, and sentiment is quite mixed on the question as to what cereal values will do if sudden peace is established. A year or two ago when we had huge surpluses of foods and grains, it was almost a foregone conclusion that through one means or another we would give away large quantities in the form of help or charity to capitulated countries, but at the moment, food production and distribution may not prove equal to the huge task of adequately supplying all the demands during the war and in the early post-war period. First of all, our acreages have been continually reduced for some of the leading cereals, and it was only bumper crops last year that really gave us the advantage, which we still possess. As the Guaranty Trust Co. in its Business Review points out again - for twenty years before the outbreak of the present war, the United States was a net importer of foodstuffs. Moreover, between 1932 and 1940 the amount of land used for crops declined about 271/2 million acres, or more than 7%. On top of this, manpower shortage and restricted farm equipment added to our troubles. Again we wish to point out that the Administration has fortunately pursued a different policy with respect to larger acreages for next season. If the subjugated countries were to be supplied with bread, wheat, and feedstuffs, we would probably have to make these purchases in Canada for distribution through the Red Cross or some such agency, or else permit the surplus countries to carry on the trade themselves for the reason that our surpluses have largely been disposed of. Even now, with another good crop having been harvested, the CCC has found it necessary to earmark practically all government-owned wheat stocks for feeding purposes.

Weekly weather and crop reports were generally favorable. For the spring wheat areas, grains were in good to excellent condition, and are reported filling and ripening nicely. In the corn areas, high temperatures during the week were extremely favorable for rapid development of the crop, where soil moisture was sufficient. In the western Ohio valley the plant is now catching up, and progress in many other central states is excellent.

Today's wheat receipts in the Southwest were quite good compared with last year; Kansas City, Hutchinson, Wichita, Salina, Fort Worth, and Enid had combined wheat cars amounting to 662 versus 473 last year. In the Northwest, Minneapolis and Duluth reported 646 cars of wheat compared with 379 a year ago.

Primary receipts were somewhat smaller at 3,472,000 bu compared with 4,509,000 bu last week, but only 1,515,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1,197,000 bu.

Trade was not particularly active; at times prices were rather firm in sympathy with oats, which showed good recupertive power, but recoveries from the previous close were not very substantial in other pits. There was considerable selling of rye apparently by locals all during the session. At the last wheat prices were about 1/4¢ per bu higher than the previous day.

We would not be surprised to see more wheat from the Northwest brought here for delivery purposes in September. Also expect wider carrying charges in rye, which is a handicap to bullish operations.

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CHICAGO MERCANTILE EX.

July 29, 1943

Marshall Badoglio is faced with a domestic revolution, and it may, therefore, be a little premature to discuss peace with the Allies at the moment. Nevertheless, Italy has ordered home 26 divisions in the Balkans and France, and has also sent 75,000 troops to the Brenner Pass in order to stem the flow of Germans into Northern Italy. Whether the Italian troops may soon be fighting their former allies remains a question, but surely it is only a matter of time before Italy will be out of the war.

With this situation there has been a great deal of thought in grain circles as to the possibility of surpluses in Canada, Argentina, and Australia soon being wanted in greater volume. For example, Argentina has an exportable surplus at this time of around 250 million bu compared with 188 million a year ago. Reserves have been piling up, and wheat and flour shipments have been very small - for the past week only 389,000 bu, showing clearly that the greatest demand continues from Canada. We do not have accurate figures from Australia, owing to censorship, although Broomhall estimates that 190 million bu of wheat was on hand in all positions July 1st. We do know positively that exports have been small ever since the demand from the Orient ceased. Thus, if the Mediterranean were cleared the Southern Hemisphere countries could again become an important factor in shipping foodstuffs. Complete data from Soviet Russia is also lacking, although reports claim they have had their troubles owing to the fact that Germany occupies many of Russia's former agricultural lands. There has been an expansion in acreage and production of the unoccupied areas of the Soviet Union, and acreage during the past year was largely expanded, but even the increase appears to have been greatly offset by the loss of the Ukraine, which was always a very important winter wheat area.

Today's market was influenced by very different considerations. The CCC announced rather unexpectedly that it intended to buy wheat in various terminal markets for feeding purposes, and we understand that yesterday 40 cars were purchased in Minneapolis at the regular market price. Federal agencies may buy unlimited quantities, but the exact terms have not yet been clarified, although we understand that they will not pay more than the government loan figure. Even this affords a latitude of 4 to 5¢ per bushel in the Northwest where prices still remain considerably below the loan. It has been stated that with the East almost out of corn, with oats and barley only obtainable in limited quantities, and exports from Canada rather small, that this action became necessary despite the fact that large quantities of government owned wheat are still held and have apparently been ear-marked for feeding purposes. If the present program continues in the same manner as the previous ones, federal supplies on hand, which probably amount to about 150 to 165 million bu, may soon be disposed of. All this considered, it is very fortunate that larger acreages will be permitted for next year, and it is only to be hoped that farmers in the Southwest shall have sufficient labor to take care of larger plantings.

There was moderate to good moisture rather generally reported over the corn belt, but no rains of consequence in Canada; temperatures there during the past week were moderately high and additional rain will soon be needed to produce even a light crop in many districts.

Primary receipts were 3,685,000 bu compared with 4,104,000 bu last week, and 1,740,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1,748,000 bu.

Trade was only moderately active. Of course, prices were firm, with the prospect that wheat might be bought at terminal markets for feeding purposes. The chances are that with the Northwest being comparatively cheaper than other sections, most of the commitments will be made there. Minneapolis and Duluth had a total of 921 cars of wheat compared with 475 cars last year. At Kansas City, Hutchinson, Wichita, Salina, Fort Worth, Enid, and Amarillo combined wheat receipts were 619 cars against 547 cars in 1942. Last prices showed an advance of 1/2¢ per bu.

Rye was very strong at the opening, but enthusiasm was somewhat tempered by further selling, and we continue to feel that if carrying charges widen there is some risk to the long side of the market, at least, a handicap in one's operations.

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CHICAGO MERCANTILE EX.

July 30, 1943

Despite riots and disorders in Italy, there is little basis for believing that Italy can remain in the war for any length of time - she is without the means to fight. It is not just the heads of the government who have decided this, but the people of Italy themselves, and their voice is bound to be heard. What has happened in Italy will also take place in Germany. The verdict was rather clearly given when Hitler last met with Mussolini, and told him, "I cannot." It was not a question of choice with him as to whether he would send additional troops to fortify the Italians, but rather his inability to lend further aid while being hard pressed in Russia. With many Italian troops being withdrawn from the Balkans, it will also mean that German reinforcements must be sent there, and while we may have some difficulties in Italy proper, we will undoubtedly encounter more in the Balkans, particularly, Greece and in the Dodecanese Islands, where Nazi troops are present in large numbers.

For the moment war news has had less influence on both financial and commodity markets. Undoubtedly there are many reasons for this. We have factors, such as inflation to think about, also parity levels, and a reminder of this came yesterday when wheat and rye rates were advanced about 1¢ per bu, to the highest level thus far reached. This will probably mean a higher loan for 1944, although the rate for 1943 is fixed, and as we understand it, will not be altered. If normal crops are produced, gross farm income may also be larger as time goes on. In 1942 it amounted to $18,628 million, and the revised estimate for 1941 totaled $13,848 million. It is interesting to note that in 1942 farm income, excluding any governmental payments, was above parity, and this was the third time that it has happened since 1920. Thus, farmers have done very well. But let us consider for a moment the income to persons not living on farms. This also was increased largely in 1942 to a new record of $107,321 million, or 25% above the level of 1941.

With this picture one can hardly believe that inflationary tendencies can be avoided, and with the further help from the government which is being given now in the feed-wheat program, we consider it altogether likely that firm prices for wheat will continue. It is difficult to get the daily volume of federal purchases at Minneapolis, where most of the feed wheat is being bought, but if it continues it should be only a question of time before the price is advanced to the 1943 farm loan basis. Thus, our consumption during the current season will again be very large. It is too early to state accurately the true picture, as there are bound to be revisions between now and the harvesting of the spring wheat crop. However, on July 1st, the wheat carryover as near as we can judge amounted to 590 million bu. The last estimate of crop production was 791 million bu, giving us a total supply of 1,381 million bu, which compares with 1,613 million bu a year ago. If prospective utilization is one billion bu for the season, we shall have a carryover one year hence of 381 million bu. Of course, any extra amounts used for feed or for alcohol will reduce our reserve stocks; also the same is true if we should do a sizeable export business. For the first three weeks of the present crop year we have shipped about one million bu of wheat and flour, and on that basis our total clearances may be in the neighborhood of about 25 million bu, or much the same as in the season just completed.

Primary receipts were again more moderate at 3,161,000 bu compared with 4,521,000 bu last week, and 1,615,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 2,204,000 bu. When the visible supply is posted on Monday it will compare with an increase a year ago of 3,319,000 bu.

Trade was more or less quiet, and early gains were largely the result of a better carryover sentiment from yesterday. At seven points in the Southwest receipts were 651 cars of wheat versus 526 last year, and pressure wasnot especially heavy. Later on, however, when rye gave ground due to liquidating pressure, there was a reaction in all pits. At the last wheat prices were 1/8 to 1/4¢ per bu lower.

Oats declined without much selling, but the most activity was in rye, where apparently distillers are taking profits, or at least getting out of long commitments. Also some of the company which they have had on the constructive side of the market seems willing to even up trades.

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CHICAGO MERCANTILE EX.

August 2, 1943.

The domestic demand for farm products continues strong. Since the outbreak of the present war in the late summer of 1939, prices received by farmers have almost doubled, while prices which they have paid for various products have advanced only about one-third. As a result farm product prices averaged about 114% of parity in mid-July compared with only 72% in August 1939. All farm commodities have not advanced in the same proportion; indeed, a good many are actually lower than parity, and in this category we find cotton, wheat, barley, and rye. The chief gains have been for prices which animals brought, and cattle, for instance, per 100 lbs have an actual market price of $12.60 against a parity price of $8.94; hogs, $13.20 vs. $12 parity; lambs, $13.30 vs. $9.70 parity; butter fat, 49.2¢ compared with 40.5, which is its parity; and milk $3.05 vs. $2.46. The last two items have had their price adjusted for seasonal variation, but at least it it shows that with money in the hands of the public, there is a heavy demand.

The government is now committed to a policy of buying wheat for feeding purposes, so long as the prices remain below the loan value and the purchases thus far have taken place mostly at Omaha and at Minneapolis. We are approaching a time when the spring wheat movement is assuming greater proportions, and, of course, in an ordinary year some pressure would be felt. This may even occur during the current season, although the government buying in addition to consuming wheat for purposes other than milling also tends to keep the regular trade more on the alert; so we believe that prices will be held in check, and there is no reason for believing that any sharp breaks may occur.

In Canada, the chances for heavy yields are not likely owing to a much smaller acreage, and also, to unpropitious weather, and it appears very much as though an average crop this year would be not much more than last year's disappearance, and would, therefore, permit the substantial surplus now on hand to be further reduced, particularly since there is apparently an inexhaustible demand from the United States, curtailed only by shipping conditions. Two days ago, the War Food Administration announced a reciprocal agreement between our government and Canada, effective at once, which would permit combining machines and other wheat harvesting and threshing equipment across the international border to expedite the wheat harvest in the two countries. As we view this move, the benefits will accrue mostly to Canadians, but it shows the interest that we have in their agriculture, in order to bring crops safely in, as very often the Canadian winter overtakes fall farm work and many times threshing operations are not completed before the arrival of snows.

Last week's weather was mainly favorable, and preparation of land for fall seeding was in full swing in Texas, although the soil was too dry in Oklahoma. Plowing of stubble land was favored in Kansas. High temperatures were extremely favorable for the rapid development of the corn crop, at least where the soil moisture was sufficient. Corn is reported catching up in the western Ohio valley, and progress in many other Central States is excellent. In Iowa, progress was excellent, and corn was well tasseled and silked in the northern part, but conditions in southern sections were spotted.

Primary receipts were quite large at 5,970,000 bu compared with 6,351,000 bu last week, and only 2,231,000 bu last year. When the visible supply was posted it showed an increase of 9,679,000 bu. which makes total stocks in all positions close to 185 million bu, which is 30 1/2 million bu less than was on hand a year ago. Chicago stocks increased nearly one million bu for the week, to a total slightly in excess of 5 million bu.

Prices were moderately firm earlier in the session, but finally eased fractionally in sympathy with rye, where liquidation continued; also lower prices for securities may have caused a little more bearish sentiment. Seven points in the Southwest reported 1,279 cars of wheat received compared with 919 last week. We understand that the shortage of box cars has been gradually relieved from earlier in the season, and no doubt country elevator shippers are getting their requirements, even relieving conditions in the Northwest. Minneapolis and Duluth had 1,476 cars of wheat against 631 last year. At the last wheat prices at Chicago were 1/2¢ per bu lower.

Oats were off slightly, with no particular buying, although the feeding situation remains strong, and we do not expect to see any

DAILY MARKET LETTER

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UHLMANN GRAIN COMPANY

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141 W. JACKSON BLVD.

MEMBERS:
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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. August 3, 1943.

The Argentine government has for some years tried to support prices for certain agricultural products, but never at a rate such as to disturb export business, and still with the great handicap of getting wheat to Europe, even very low prices have failed to stimulate much business in the past few years. The result has been larger accumulations. In an effort to handle the situation in a different manner, their government recently authorized the Grain Board to sell for fuel up to 2 million metric tons, which is about 73 1/2 million bu of old crop wheat still in its possession. Such sales must be made prior to December 31st of this year, and at a price of approximately 36¢ a bu. An additional 18 1/2 million bu wheat will be sold for feeding purposes to livestock under the same conditions. Apparently believing that this will reduce surplus stocks at least to some extent, the minimum prices to producers are to be suspended on August 15th, but until that date the Grain Board will continue to make purchases at 55¢ a bu for wheat, and 70¢ a bu for flaxseed .

In this country our surpluses are also being reduced by virtue of the fact that large quantities of wheat are being used for feeding purposes, although at a much higher price. Our government will pay up to the loan level in various markets, although the only wheat which is apparently being taken in volume is in the Northwest, and this is in addition to the grain already on hand acquired on defaults. However, it does suggest that firm markets will prevail, and even now with the spring wheat movement getting under way, there seems little fear of any drastic declines.

The American people have been rationed, and were it not for this factor, food consumption would undoubtedly be greater in many lines in keeping with greater purchasing power. It is now considered likely that the total food production in 1943 will exceed the record of 1942 production by 4%, and the average of a pre-war period (1935-39) by 31%. This is all on the assumption that average weather for the remainder of the year is had, and likewise, that there be a continuation of the present trend in livestock production. In trying to mete out the various requirements, 75% of the food was allocated to civilians, about 13% to our military forces, 10% to Lend-Lease, and the remaining 2% for shipments to our territories and for special needs.

When our market opened this morning, there was a rush to buy. Two prominent commission houses purchased about half a million bu wheat, which in trading such as we are now having does more than take the slack out of the market, and prices advanced more than 1¢ a bu before some realizing orders came into the pit. There had been rains in the northern and central sections of the corn belt, which must be of great benefit to the growing crops, but yet, feed grains, such as oats, were also higher in sympathy with wheat, and even rye advanced more than 1/2¢ a bu. There is now 8 1/4 million bu rye in Chicago, and 22 million bu in the visible supply, with the carrying charges apparently widening, and we feel that bullish operations will be greatly handicapped in this cereal unless much larger usage arises on part of distillers, or unless greater quantities are used for feed. However, with wheat made available for feeding purposes at about $1.06 a bu, this 60-lb cereal has greater merit in our opinion than rye, which tests only 56 lbs to the bu, and where sometimes sterility to animals is caused owing to ergot.

Primary receipts were quite large, and amounted to nearly 4 million bu, compared with 4,410,000 bu last week, and 1,743,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 103,000 bu.

Highest prices were paid right after the opening, and after that small reactions set in, but wheat was generally firm throughout the day. It was assumed that there may have been a little better milling inquiry, although some of the support resulted from purchases of wheat against sales of rye. Final wheat prices were 1/2¢ per bu higher.

In oats, the pattern was much the same as in wheat; profit-taking pared down early gains, with the close not much changed from the previous session. The same was also true in rye. There seems to be persistent selling in the latter cereal, and one broker has apparently been liquidating long commitments for the past week.

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CHICAGO 4, Ill. August 4, 1943.

The average citizen who depends more or less on miscellaneous reading for his information must be in a very confused state of mind as to the general economic situation in this country. So many articles have been written and so many statistics quoted as to the comparative variance in the advance of the cost of food, the advance in wages, and the necessity for "rollbacks" that it is difficult for anyone who is not thoroughly conversant with all the facts to arrive at proper conclusions. Anyone who has had experience in handling statistics knows that cold-blooded figures, while they do not misrepresent facts, must be analyzed and existing conditions taken into consideration. Very often, it is possible to make figures suit one's convenience in advancing an argument. For example, a very well known economist points out that in considering the stabilization of the cost of clothing, furniture, etc., the following factors have been ignored, the deterioration in quality, the disappearance of low-priced items, forcing the buyer to take more expensive goods, and the "so-called percentage margin," which encourages the seller to sell high-priced rather than cheap articles. A recent release from the U. S. Department of Agriculture points out that employment on farms, as of July 1st, was at a record low for the date and that wage rates reached a new high. They further state that during the twelve-month period ending July 1st, farm employment figures declined 2%, while farm wage rates averaged 274% of the 1910-14 base period compared with 202% a year ago. These are the bare statistical figures, but as an illustration of what we mentioned above, it does not adequatelyrepresent the situation nor the plight of the farmer, as the agricultural report goes on to explain that the estimate of the number of people working on farms does not show the change in the composition of farm labor that has occurred in the past year or two. Formerly, producers were able to employ able-bodied men with more or less long experience in their particular field of endeavor. Due to war conditions many farmers now have to resort to the employment of school children, women, older men, and townspeople, with the consequence that, although the number employed shows a very slight decrease, the capacity of the workers to accomplish their jobs is definitely less; furthermore, it would mean the employment of more people to do the same job that formerly was done by one efficient individual.

The government weekly grain report states that harvesting of winter wheat has advanced to the northern border districts, and that spring wheat is in generally good condition, with cutting in southern Minnesota and southern North Dakota. They also comment that the harvesting of oats and barley has extended into the middle lake region and is making good progress except in Ohio where it has been somewhat delayed by too much rain. The State reports for the corn district are a little bit mixed. The Iowa weekly report states that more rain is needed in the west and east sections of that State, while in the central part it is adequate to excessive. The Nebraska State report indicates that soil moisture is drying rapidly. However, we believe that since these reports were compiled there have been some timely rains throughout the major portion of the corn belt.

Primary receipts of wheat today totaled 2,637,000 bu as compared with 3,472,000 bu a week ago, and 1,302,000 bu last year. So far this week Kansas City and Minneapolis show a total decrease of 19,000 bu.

The market was a very quiet affair today, with very little interest being shown in wheat, and barring any new developments this might be more or less expected for the time being. The movement of spring wheat is still probably two or three weeks away, and under the circumstances, until pressure is over, traders seem to be reluctant to follow advances. On the other hand, with the government policy of buying wheat for feeding purposes at loan values or less, one cannot visualize much of a decline. It is reported that about 3 1/2 million bu of Canadian wheat was worked from Fort William to Duluth for feeding purposes, and apparently there is still some wheat moving from the Northwest into the Chicago market. If sufficient supplies are built up further carrying charges might be in order. At the close wheat was 1/4¢ higher.

Cash oats remain very strong, still showing an unwillingness on part of the country to sell. However, the movement should enlarge, and finally if the corn crop comes up to full expectations there may be more willingness on part of producers to sell their oats. Much will depend on the general feed situation, but oats as a 32-pound cereal around 72¢ a bu is higher pound per pound than 60-pount wheat selling for feeding purposes at $1.06 to $1.10.

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August 5, 1943.

This is a year in which ordinary calculations cannot be made, and in practically all surplus countries we must figure on abnormal consumption, as well as regular uses for wheat. At home we are already finding that surpluses are gradually being reduced through the feeding program, and large quantities are being purchased daily in the Northwest by the CCC and turned over to feeders or to manufacturers in order to compensate for the tightness in corn. It is not only the large hog and cattle population which makes this necessary, but also, the poultry industry, and the record increase in the numbers of chickens raised on farms in 1943 suggest that additional amounts of feed will be used, particularly since there is afavorable egg price. This will encourage poultrymen to save the maximum number of hens and pullets consistent with available local supplies of feed and poultry housing facilities. There is another industry also drawing rather heavily upon our wheat stocks, and we are referring now to the distillers, who seem to be taking supplies in various parts of the country. Yesterday, for instance, about 60,000 bu wheat was sold from Chicago, and practically the same amount the day before, with large quantities also in demand in other parts of the country, all of which affords a cushion to our market and tends to keep prices firm, which may also be the case during the peak of the spring wheat movement, which is another three weeks away. Canada,as a result of the extra demand from here, will also reduce her surpluses. We expect this to hold true not only of wheat, but of barley and oats as well. The bottleneck seems to be in getting the supplies from farms to Fort William, but from there to Duluth or to Buffalo, there are apparently enough steamers plying so that we may expect sizeable imports. Not only is Canada anxious to reduce reserve stocks, but also needs coal from this country, and, therefore, the steamers would perform a double function in picking up the needed fuel after the grain boats have discharged their cargo in this country.

The time has come when cognizance must be taken of the large wheat reductions in the Argentine, both actual and potential, and since about 75 million bu wheat has been earmarked for fuel, the official estimate of the wheat surplus has been revised downward to 142 million bu, as of July 24th. This is still large for the time of year, but it at least shows evidence of heavy disappearance when grain is burned. In Australia, according to the Canadian Trade Commissioner, the unsold stocks of wheat on July 1st were approximately 190 million bu, with no change in the slow rate of exports. However, weather conditions are generally poor, with little or nor rain; likewise, no subsoil moisture reserve except in northern New South Wales. The acreage for next year's wheat crop is not yet available, but it is quite likely that a reduction of 25% from the previous season will mean that only about 7 million acres will be sown.

One of the crop experts issued his August figures today, estimating our winter wheat production at 522 million bu, and spring wheat at 308 million bu, a total of 830 million bu. This compares with the last government forecast of 791 million bu. The corn crop was also raised to 2,851 million bu. To those who have read Mr. Bromfield's recent article in Reader's Digest, entitled, "We Aren't Going to Have Enough to Eat," it must be rather encouraging to receive current crop reports, as well as to study surplus figures in other countries, especially since total food production in this country is estimated by the Department of Agriculture to be about 4% greater than last year. It is an article such as this that encourages withholding of supplies on part of farmers,especially since this writer claims, "and we are nowhere near the peak of the crisis."

Primary receipts were practically at the 3 million-bu mark compared with 3,695,000 bu last week, and 1,325,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 29,000 bu.

Wheat prices were firm, despite some selling against purchases of rye. Higher prices for oats and rye had vey little effect. Also, there was little influence from Russian victories at Orel, and nothing is known yet as to results of the Italian Cabinet meeting. With the comparatively light trade, final prices were unchanged to 3/8¢ per bu lower.

The demand for feed grains continues heavy. However, there seems to be a little more corn being marketed, possibly for the reason that the corn-hog ratio at Chicago now stands at 12.7 compared with 16.2 a year ago.

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CHICAGO 4, Ill. August 6, 1943.

No decisive action was taken at the Italian Cabinet meeting yesterday, but the war news generally continued favorable, and Russian advances were reported beyond Orel, but this seemed to have lost its influence, for the time being at least, as a market factor.

There had been a crop report from Canada stating that general rains had been lacking for sometime and that prairie crops showed considerable deterioration. However, this was counter-balanced by overnight moisture, but in spite of it Winnipeg prices advanced moderately. It seems to be the consensus up there that with May wheat quoted at about $1.10 a bu, it is actually only around the dollar-mark based on American currency, and thus is very cheap compared with our price level. Their crop at best will not be a large one, and so, with fair exports likely to the United Kingdom and extra quantities being shipped to this country, the carryover one year from now may be materially reduced, although at the moment it is extremely large. While we do not have the official figure yet, it is probably a record for all time.

Prices here were steady, and in addition to other factors, such as we have had lately, calling attention to additional consumption of wheat for distillation purposes and for feed, there was an International News Service report stating that the President has been reliably reported as ready to abandon the subsidy method of holding down living costs, and instead instituting plans to ask Congress for permission to guarantee American farmers minimum prices for their basic crops. A stabilization program of this kind would require Congressional sanction next fall, and under the setup, the CCC would fix minimum prices for many farm products. These prices, according to the article, would be determined after wartime costs of farm production had been taken into consideration. The news, of course, is still too vague to have a marked influence upon trading conditions, but if Congress follows along in the views of the Chief Executive, it would represent a victory for Farm Bloc leaders, who for some time have claimed that rising costs of farm production have not been given due consideration.

Generally speaking, the trade feels that after the peak of the spring wheat movement has passed better price levels may be reached. It is almost an assured fact that total wheat production in this country will exceed 800 million bu by a fair margin. With a carryover on July 1st of about 600 million bu, the total prospective domestic supply is 1.4 billion bu. However, the disappearance during the current season may reach an all-time record of 1.1 billion bu, unless our supplies are largely augmented through Canadian imports. This is on the assumption that the feeding program of buying grain in the open markets will continue and that prices remain under loan levels in the Northwest, so that this policy can be carried through. Considering that our average disappearance in the ten years, 1932-41, amounted to only 720 million bu, this is naturally a marked change from normal, and particularly since the distillers are relying very largely upon wheat for the manufacture of their product. Despite some increase in the requirements for military food uses, wheat for domestic food consumption is not expected to exceed the 1942-43 level of 535 million bu, which is 9% above that of the previous year. However, it is the abnormal uses which we have referred to so often that will probably change the entire statistical position, and these are factors that bear close watching. Total rye stocks, including the carryover of about 42 1/2 million bu may be somewhere between 76 to 80 million bu compared with 88 million in 1942-43, and an average of 57 million from 1934-41. Since only about 10 million bu rye is normally needed for food, and 8 million bu for feed, it takes some imagination on part of those who are bullish to figure that the balance of the crop will be needed for animal feed and the production of industrial alcohol the way matters now stand.

Primary receipts of 3 million bu were about in line with last week and double of last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 36,000 bu. When the visible is posted Monday it will compare with last year's increase of 995,000 bu.

Despite reactionary markets in rye and in oats, wheat prices were strong, and at the close an advance of 7/8¢ per bu was registered.

UHLMANN GRAIN CO.

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DAILY MARKET LETTER

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CHICAGO 4,Ill.

August 9, 1943.

Receipts in the Northwest were larger, and this referred not only to wheat, but also to coarse grains, indicating that recent high estimates on production will probably be borne out when the government report is issued after the close of the market tomorrow. Ordinarily we might expect a fair amount of pressure, but owing to the fact that wheat prices at Minneapolis are 4 to 6¢ below the loan levels, it will undoubtedly mark another season where very heavy impoundings take place On the assumption that the government forecast for a carryover next July of 250 million bu wheat is fulfilled, it would naturally mean that the largest percentage of grain would be frozen unless prices would advance to a point at which redemptions could take place. In these calculations, there are certain items which might change as time goes on. First of all, they figure tentatively that we may export about 50 million bu, but judging from the clearances during the first four weeks, which have amounted to only 1,400,000 bu, it looks very much as though at this rate our shipments might be only in the neighborhood of about 20 million bu for the season. Also, they have their sights levelled at a crop of 791 million bu, which was the July forecast for combined winter and spring wheat production, and it appears very likely that the final figures will be raised. Even allowing, however, for minor adjustments, there is a certain amount of tightness that could easily develop, if we have the combination of grain going into the loan and also government purchases for feed, while prices in the Northwest, remain below the loan. The latter might be somewhat changed if the feeding situation would ease, and there have been some indications in this direction through imports from Canada, with some oat arrivals already reported at Buffalo. Last season Canada shipped 57 million bu to the United States. Also corn is making wonderful progress, and this has resulted in heavier bookings, which may continue as the corn-hog ratio is only about 13 to 1 and not nearly so favorable as it was at various times last year, when at the peak it rose to about 19. All these considerations, plus the possibility of an earlier peace, are confusing the speculator, and at the moment we are having a rather light trade accompanied by indifferent markets.

There continues to be gossip as to the ultimate imposition of wheat ceilings, owing to the fact that retail prices of bread in the United States are much higher in relation to grain and flour prices than in any other countries. Generally speaking, our standards are higher, also wage rates and living costs are higher, and even the ingredients used are often superior, plus the fact that many merchandising services are rendered to the American people. It is interesting to note that in our country home baking is still practiced on a larger scale than elsewhere, and in the period just prior to the war, United States bakeries used less than half the total flour consumed. In some localities, such as Northern New England, home baking is traditional.

Primaries were almost as large as last week amounting to 5,477,000 bu compared with 5,970,000 bu a week ago, and only 1,842,000 last year. When the visible supply of wheat was posted it showed an increase of 1,607,000 bu increasing stocks in all positions to 186 1/4 million bu, or about 30 million bu less than was on hand a year ago. At Chicago there was an increase of 724,000 bu, and we now have nearly 6 million bu of wheat at this market.

Markets were rather weak, selling came into the rye pit, and with an open interest of 38 1/2 million bu, which is more than the estimated crop, this cereal appears to be vulnerable. Selling later spread to other pits, and even to Winnipeg, where first prices had been extremely firm. There were 1,307 cars of wheat at Minneapolis and Duluth compared with 454 a year ago. The spring wheat crop is generally in good condition and some cutting has already taken place in southern Minnesota and southern North Dakota, but harvesting will not start in the Red River of North Valley until sometime this week. Spring wheat in Montana is turning.

With traders a little more on the defensive, final prices showed losses of 1 5/8¢ per bu.

Oats yielded ground, and with corn bookings of well over one million bu there was an easier feeling. Stocks of rye are large, and even at a big discount under other grains actual demand is rather poor. This suggests carrying charges, and still lower prices.

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CHICAGO 4, Ill. August 10, 1943.

After the close of the market tonight, we shall have the government report issued on August conditions, and very likely wheat production will be stepped up about in line with the private experts' views expressed earlier. Before long the government will also tell us what the carryover was as of July 1st, but tentatively this figure is believed to be about 600 million bu, indicating that last year's consumption was of record proportions. In view of these circumstances, acreage for next year has been advanced, and the wheat goal for 1944 is placed at 68 million acres. This would be an increase of 26% above the 54.2 million acres seeded for the 1943 crop, but it would be about the same as the 1932-41 average acreage, which amounted to 68.9 million acres. It has gradually been recognized that conditions for the past two seasons have been almost perfect, but bumper crops are almost as rare as are crop failures. Even with the step-up a normal production on 68 million acres would mean a crop of only somewhere between 800 and 850 million bu, or much the same as we are harvesting this year, with much less land under cultivation. In 1937, we planted 80.8 million acres, which was the largest in the history of this country. However, there was heavy abandonment, and only 64 1/2 million acres were harvested. The yield per acre was 13.6, with the result that we gathered only 875 million bu wheat, and thus it can easily be seen that if acreages were kept down we could very likely run into a crop failure some day, which would be a great calamity, particularly with the war nearer an end and the possibility that one of these days we may have to take care of Europe's food problem. In the meantime, we have also increased our own usage of wheat to the extent that about 540 million bu may be ground during the current year, and the chances are we shall need 80 million bu for seed, and allowing 50 million bu for moderate exports, this accounts for 670 million bu without any allowance whatsoever for feed wheat or for distillation, both of which factors have become grossly important in recent times. Therefore, if our carryover supply on July 1, 1944 would shrink to the figure recently given by the Department of Agriculture, it is obvious that a continuance of small acreages would be a very dangerous procedure.

When our market opened this morning, prices were again slightly reactionary. Further liquidating orders came into rye and bookings of corn from the country were very heavy. Today is presumably the last day when the government will guarantee farmers that if higher maximum prices are permitted, they will receive the difference between their own selling price and the advance. There may have been some desire on part of producers to get "under the wire," although a freer movement may also have been brought about owing to a somewhat less advantageous feeding ratio with hogs. These considerations were somewhat offset by the thought that impoundings would be heavy in the Northwest, so long as the market ruled below the loan price. There were 885 cars of wheat at Minneapolis and Duluth compared with only 394 cars last year, but very little pressure was exerted upon Minneapolis futures, and apparently a somewhat better milling demand was in evidence.

Traders who figured that war was definitely bullish on grain prices have for the most part concluded that peace would be somewhat bearish. This may not be altogether true because the first demand from surplus nations may be unusually heavy. But agriculture generally has a way of recovering, and while seed wheat and various agricultural implements may be required at the start, one cannot be too sanguine that the increased demand from import nations will last more than a few years after hostilities end.

Primary receipts were substantial at 4,226,000 bu compared with 3,997,000 bu last week, and 1,309,000 last year. Kansas City and Minneapolis stocks so far this week showed a net increase of 162,000 bu.

There was a little better sentiment in all pits, and even bookings of corn from the country, amounting to about 3 1/2 million bu, seemed to have little effect except possibly that oat prices remained somewhat indifferent. When rye advanced and short covering set in, wheat rallied, and the close showed an advance of about 5/8¢ a bu.

We see very little in rye to warrant sharp advances. There seems to be a stale long interest, but the carrying charges are a handicap to bullish operations, and in our opinion it will take a better demand on part of cash interests to sustain present levels.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. August 11, 1943.

After last year's record production, having had the biggest corn crop in the history of the country and the second largest wheat crop, it was almost an assured fact that any comparisons which were made with 1942 yields would be poorer. It is true that the aggregate production of five grains shows a decrease of 700 million bu from last year, but history has not been fully written, and even the government in its analysis yesterday pointed out that good weather during the first week of August had been noted but not considered in computation. Nevertheless, a corn crop of nearly 2,900 million bu will go down in history as a very large one, and the increase of 168 million bu over last month is substantial. Likewise, raising the wheat estimate 44 million bu is quite a triumph, with the small acreage which had been allotted to this grain, and the suggestion of a combined crop of 834 million bu should prove encouraging to those who are fearful of a food shortage later on. These increases had been more or less expected, and were, therefore, not much of a market factor any more than was the reduction in the potential oat and barley crops and a standoff in the production for rye. As for the latter cereal, with a carryover of 52 million bu, total supplies are now estimated at 85 million bu, which is extremely large unless unusual outlets are found, such as extra feeding and the need for distillation by grinding for this purpose.

Taking the picture as a whole, the farmer is again in a very enviable position. His income from farm marketings, plus government payments for the first half of 1943, totaled $8,202 million compared with $6,215 million for the same period in 1942. (Actually government payments were $31 million less.) This better showing was, of course, brought about by record crops of last year, a large part of which was marketed during the first half of 1943. It is likely, therefore, that the income for the last six months of the year will not be maintained at this relatively high level. In all fairness to producers, it should also be stated that production expenses have been increasing right along, and while the farmer's position during the last six years has been greatly elevated, it is to be noted that his expenses at the present time are about 174% of their 1938 level.

As time goes on, we are getting a little more statistical data from Canada, and the wheat crop, including the East, may be close to 315 million bu, or only about half as much as was raised a year ago. As an offset, the carryover reserve will be considerably larger than the 424 million bu stock of last August. In any case, home consumption has risen considerably from the 125-million bu figure of 1940-41, for the reason that about 89 million bu wheat was fed in Canada last year, and possibly 5 million bu used for commercial alcohol, although seed requirements of 22 million bu showed a reduction of 6 million bu from two years ago, while other disappearance remained about unchanged. It is fair to assume that home usage during the coming year may be about the same as last year: namely, 166 million bu. Exports during the twelve-month period were about 217 million bu, but what will occur in the period ahead remains largely a matter of how much the United States will import from its Northern neighbor, plus the progress of the European war and the ability to ship.

Primary receipts were 2,871,000 bu compared with 2,637,000 bu last week, and 1,180,000 bu last year. Kansas City stocks so far this week show a decrease of 195,000 bu.

After showing some stability, wheat finally reacted, largely in sympathy with weakness in rye. The latter had many friends earlier in the year because of its comparative cheapness. Cash deliveries in May and in July are much of a mystery since the public is apparently carrying this rye, and to our knowledge only small amounts have gone into consumption. Consequently, there is always the fear that these holdings may be resold unless a better demand develops, and in the meantime, it is a threat over the market, with longs apparently finding this technical position one of weakness. Final wheat prices were about 1/2¢ per bu lower, and there was no important feature.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

August 12, 1943.

As Broomhall pointed out in his Weekly Corn Trade News at Liverpool, this is the fifth year in succession that the United States will obtain wheat yields in excess of what was formerly considered a normal figure. This may be due to an extraordinary run of good weather; it may also be attributed partially to improved types of seed wheat, particularly of rust resistant varieties, but probably the main reason is that under the government scheme of acreage reduction, only the least productive lands were taken out of cultivation or diverted to other crops. Furthermore, the farmer gave more attention to his remaining acreage, striving to obtain the heaviest possible yield with better and more expensive methods of cultivation. As we study the last crop production report in greater detail, we find that a combined winter and spring wheat crop of 835 million bu is based on an expected return per acre of 16.7 bu, and while this is 3.1 bu below the relatively high yield of last year, it is well above the ten-year average of only 13.5 bu. As for our corn crop, while falling 300 million bu short of last year's crop, it will be larger than any other crop produced since 1932. In fact, if nothing happens between now and harvest, it will be 525 million bu, or 22% above the ten-year average, 1932-41, which, of cours included two bad drought years. The combined production of the four feed grains is now expected to total more than 111 million tons, which total has been exceeded only twice, but which would be 10% below production during 1942.

It is very fortunate that crop prospects have turned out so well. Since 1941, payrolls per worker in manufacturing have increased more than 60%. This increase, combined with greater factory employment, has augmented the demand for farm products and already contributed to the rise in price of food and other items in our living costs during the past two years. As the Department of Agriculture points out, the per capita civilian supply of most foods is about as large as before the war; there is not a general food shortage, but the high and steady rising level of income and demand by domestic consumers is largely responsible for rising food prices. While it is true that military and Lend-Lease requirements have risen sharply, as far as food is concerned these requirements have not done much more than off-set the effect of increased production.

As for Canadian conditions, the feature the past week was widespread rain which fell on the Prairies. Unfortunately, in some fair-sized local areas hail and high winds have accompanied the rain, and as a result there were reports of severe damage. Temperatures for the most part stayed in the mid-80's, although a few localities suffered from a brief hot spell.

Primary receipts amounted to 2,435,000 bu compared with 3,008,000 last week and 1,141,000 bu last year. Minneapolis stocks increased 430,000 bu so far this week but were offset by a similar decrease at Kansas City.

It was announced late yesterday that restrictions on corn were at an end, and the government guarantee to producers which expired yesterday has not been renewed. The CCC has felt that the emergency has now passed. The immediate result was that bookings from the country were lighter, amounting to about 100 million bu, but some feel that after a week or two, if crop prospects are maintained, producers will again sell their grain on a heavier scale.

Rye was under liquidation, although orders were of moderate size, and no drastic declines took place. With a total of 689 cars of wheat in Minneapolis and Duluth compared with 267 last year, Minneapolis futures were nearly 8¢ a bu under us, and at the last wheat prices here were 1/4¢ a bu lower.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Illinois

August 13, 1943

The Royal Air Force carried out the heaviest night attack of the war on Northern Italy last night. The industrial cities of Milan and Turin were the principal targets, with probably 1,000 or more fighters and bombers taking part in the raids. At the same time a huge fleet of American bombers again bombed Rome, while swift Mosquito bombers attacked Berlin, which was the sixty-eighth attack during this war on the German capital. Such good news is, of course, encouraging, but it is only natural in view of the tremendous production capacity which we enjoy. In aircraft, the United States is producing four times as many planes as Germany and ten times as many as Japan. England and the United States combined are building six times as many planes as Germany and fifteen times as many as Japan. To those who need some cheer on the situation in the Far East, it might be stated that the United States is building a Navy every six months as large as Japan's entire Navy. By 1944, it is estimated that the United States and Britain will have a Navy four times the size of Japan's.

News of this kind would ordinarily have considerable effect upon our markets, and with the world surplus of wheat probably in the neighborhood of 1,800 million bu carried over from previous seasons, even a very unusual demand from subjugated or liberated countries could easily be met, but here at home we have other factors to contend with: namely, the tremendous disappearance which is cutting down our wheat surplus and thus making great inroads on reserve stocks. It is now estimated that on July 1st, we had a surplus of about 618 million bu, so that together with a crop of 835 million bu, total supplies will amount to about 1,453 million bu. Formerly, our domestic disappearance was only about 700 million bu per annum, and while we did have periods of large exports, we cannot count on this at the present time, but must necessarily figure that 300 to 400 million bu could be consumed through feeding channels and for the manufacture of commercial alcohol. Consequently, one year hence we may be down to very near normal proportions for our reserve supplies.

There were general and copious rains in the corn belt overnight, and this almost assures a good crop. The last government report, indicating production at 2,875 million bu, suggested that the yield per acre would be about 5 bu less than the previous season. However, any improvement in the prospect, with more land sown, might give us almost as large a crop as was raised in 1942. This in our opinion is a blessing, and just having received an official estimate of the Argentine corn crop amounting to 76 million bu compared with a previous crop of 366 million bu and 403 million in 1941, Argentina's experience is just one more example of the theory that it is extremely dangerous to tamper with food production. In the end, unwanted surpluses are generally consumed. It is true that fixed prices and control in that country have been attempted during successive agricultural crises of pre-war years, but as Broomhall points out, "prices were lower than in other countries and competitive power was never sacrificed." The Times of Argentina, which always acted in keeping public opinion competitively minded, stated recently that "it may well be that when war is over Argentina will be the vanguard of those countries who believe that their own ills and those also of the world at large can best be solved by acheiving a maximum production and interchange of goods, and that the best way to do this is through a rapid restoration of the open market."

Primary receipts were 3,128,000 bu compared with 3,044,000 bu last week and 1,190,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 88,000 bu. When the visible supply is posted on Monday it will compare with an increase last year of 1,328,000 bu.

Markets were rather firm today. There was short covering in rye, and a better milling demand in the Northwest, which meant that wheat hedges were taken out of that market, but undoubtedly some buying here, also. Last year low prices for wheat were registered on August 3rd, when September wheat sold at $1.15 1/2, and December at $1.18 5/8. There continues to be a fairly friendly feeling because of artificial factors; heavy impoundings are taking place, together with government buying of wheat for feeding purposes, all of which cushion the market on small setbacks. Final quotations showed advances of 1/4 to 1/2¢ per bu.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. August 16, 1943.

The goal for the crop-year 1943-44 of larger production by discontinuing acreage controls and encouraging increased plantings is a policy that is well taken and very timely. There are present in this country the component elements that make for inflation: namely, a large and mounting supply of cash; secondly, continuing federal deficits; thirdly, shortage of labor; and lastly, a demand for goods and services exceeding supply. Forces making for inflation can no doubt be held well in hand or checked during the war economy, but looking forward to the post-war period, the paramount issue will be to produce and to produce still more. As it is rather elemental that the rise in any commodity will be in proportion to the amount of supplies on hand, which, if ample, will hold the inflationary tendency of that particular commodity in check. While farm products are all subject to the unpredictable vicissitudes of weather, the only protection against shorages is to plant ample acreages.

In wartime, the disappearance of farm products is always larger than contemplated. When the Canadian figures were issued, stocks on hand, as of July 31st, indicated a disappearance in that country of more than had been anticipated. With a carryover of wheat on July 31, 1942, of 424 million bu, and a crop of 592 million bu in Canada, total supplies for the 1942-43 season were 1,016 million bu. Using their government's figures of stocks on hand at the end of July of 601 million bu, it would indicate a disappearance of 415 million bu, and using Sanford Evans' exports for the twelve-month period of 218 million bu, it would place the usage in Canada at 197 million bu, as compared to an average of 125 million, and the previous year of approximately 165 million bu. The carryover of oats, while very sizeable; namely, 149 million bu, as compared with about 28 1/2 million a year ago, also points to a large disappearance, as their supplies for the 1942-43 crop-year were 679 million, of which 57 million had been exported to the United States. However, regardless of the disappearance, the large carryover of all grains, according to James Richardson & Sons, presents a very difficult problem to the farmer of Western Canada in the marketing and storing of his grain, as at many points country elevators are filled to capacity. With the rated country storage facilities of 305 million bu, of which only 90% can be used for storage, present stocks in country elevators are estimated at 254 million bu, thereby limiting the amount of incoming grain to the quantity that can be shipped out. However, ample room seems to be available at the lake head and in Eastern Canada. Therefore, the Canadian problem seems to be one of transportation from country points to Fort William, Port Arthur, and the East. Should shipping facilities be made available and grains moved to the lake head, Canada will then be in better position to help supply the demand for feed grains to the United States.

When the visible figures were posted today, wheat showed an increase of 3,429,000 bu as compared to 1,328,000 bu a year ago. Stocks now total 190,158,000 bu, or 27,340,000 bu less than the previous year. Chicago stocks increased 838,000 bu, and are now 6,753,000 bu. Primary receipts were 3,315,000 bu versus 5,477,000 bu last week, and 2,188,000 last year.

The weekly grain review of the War Food Administration indicates that weather was generally favorable for harvesting and threshing of small grains, and that operations are in full swing in North Dakota and Minnesota, with reports of good to excellent yields. The corn crop has suffered some damage in the east central and southwest drought areas, especially where planting was late, but in the principal producing areas showers and warm weather have been favorable, and good progress has been made. A report from Illinois states that in the heart of the corn belt prospects are excellent, and that the forcing weather has been most favorable for the rapid development of the plant.

There was no particular news over the weekend to affect wheat. The milling demand is rather quiet, although most mills are favored with a heavy back-log of business. From reports received, government agencies apparently continue to buy fair quantities of spring wheat for their feeding program, the price of which reigns under the loan value. In spite of weakness in rye, wheat remained relatively firm, with only minor declines, and at the close was 1/8¢ per bu higher.

Rye was again under liquidation, with lower prices being registered for the session. The demand for this cereal remains inactive, and at present levels there may be tired longs who will wish to liquidate.

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CHICAGO 4, Illinois

August 17, 1943

Argentina normally does the largest corn exporting business of any country in the world, but owing to the fact that she has just harvested the smallest crop since 1916, she has been compelled to prohibit further exportations of corn, corn meal, and corn oil. Her average crop for the past five years was 303 million bu annually, but the present harvest, which started in March and continued through May, amounted to only 76 million bu compared with 356 million bu a year ago. The poor results are due to reduced acreage and an extreme drought, which seemed to have been general in the corn area. This shows how dangerous it is to curtail production to such an extent. We feel that in our own country we can breathe a little freer, because of recognition on part of the government that wheat acreage for next year should be increased to 68 million acres, which compares with only 54,149,000 acres actually planted this year. Through this proposed increase, Kansas, the largest State, has a 14-million-acre goal, which is more than 2 1/2 million acres above the 1943 allotment. The North Dakota goal of 10 million acres is approximately 2 million acres over the 1943 allotment, while other high-goal States in order are: Oklahoma, Texas, Montana, and Nebraska.

When our market opened this morning, there was very little to guide it. War news continued very favorable, but did not seem to have much influence for the time being. More people feel that peace, if it should come suddenly, would have a somewhat bearish influence at the start at least. Countries having surpluses would immediately start offering their grain, and this might offset the tremendous demand by the half-starved European nations. We have, however, a somewhat different internal picture, for the reason that the loan is again bringing about heavy impoundings, and before long we should have an official figure from the government as to the progress compared with a year ago. Besides, there is wheat being purchased in Omaha and in Minneapolis for feeding purposes, and we are not far from the level at Kansas City where similar buying operations might take place. Thus, with the huge consumption, plus the needs on part of distillers, markets have displayed a rather good undertone, despite the very large spring wheat crop which was raised and which is now being moved. It seems that the winter wheat which is being used for distillation has a certain residue after the alcohol has been extracted, and this can be used for admixture with various feeds, and undoubtedly accounts for the fact that the wheat is still being used in preference to rye, even though the latter cereal is very much cheaper. There was a story in an Eastern paper to the effect that government agencies might release seven tankers to carry molasses to the United States for alcohol purposes to relieve some of the demand for grain, but to what extent this may change the present demand still remains to be seen.

Rye prices rallied today after a "roll back" of nearly 20¢ a bu from the high point. This may be a natural reaction, but in trying to analyze its value in terms of other feeds, we are still told that barley is preferable, although undoubtedly in some dairy districts rye is being used in conjunction with other mixed feeds, although we doubt very much whether the quantities are heavy. There seems to be the continual worry that ergot in rye may cause sterility to animals.

Primary receipts were more moderate at 2,878,000 bu compared with 4,226,000 bu last week, and 1,583,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 35,000 bu.

As stated before, there was considerable short covering in rye, and probably a better feeling after sharp breaks, such as we have had in past weeks.

Oats were also in better demand. Higher prices were registered for this cereal. This had a stimulating effect upon wheat prices, although trade was just moderate, but at the last there was a gain of 3/8¢ per bu. It is felt that within another few weeks the pressure from the spring wheat area will become less, and this apparently is encouraging those who feel that artificial factors will finally assert themselves.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. August 18, 1943.

It is expected that the War Food Administrator may give a somewhat bullish presentation of the over-all food situation when he talks before the American Farm Bureau later in the day. He is expected to tell this group that there must be the necessary supplies of food for our armed forces and for our civilians; that we must also help supply food for our allies, who likewise are helping to fight the common enemies. Every pound of this food brings results. We have already been told that since an "all-out" production program is needed, no restrictions will be placed on food production. This, of course, is only a natural consequence of the tremendous consumption which has been taking place, and the War Food Administration is reported to have told WPB that wheat will be just as tight next season as corn was during this season. For this reason, they insist that only a bare minimum of wheat should be used in the manufacture of alcohol, and it is quite likely under these circumstances that molasses will make up the difference to bring the program into adjustment. Already transportation problems are being fully considered in an effort to get larger supplies from the Carribean.

When our market opened this morning, there was further strength in rye and in oats, which also had a stimulating influence upon wheat. It seems that the September futures were the strongest, and apparently hedging interests were covering some commitments, which gave considerable impetus to all markets.

Other than this there was very little overnight news, but generally speaking, various writers are commenting upon the expanded uses for wheat in the exporting countries, chiefly due to feeding. As Broomhall points out, it is admitted that this situation is a very artificial one. Wheat is not a natural feeding grain, nor is it a natural fuel. Its use for these purposes is largely if not entirely due to wartime conditions, and it is possible that, even for a time after the conclusion of hostilities, much will be used in this manner. However, no one can be altogether certain that all of the countries will continue to encourage artificial controls, According to one of our governmental agencies at Washington (OFAR), the Argentine government has just dissolved one of its boards, which had to do with the regulation of wine. At the same time, notice was served on other boards that they likewise might go into the discard unless they were absolutely necessary to the national economy. In doing away with the first agency, it was stated that under existing conditions, there was no longer justification for the State carrying on such regulations. It was further claimed that the Argentine government intended to consider thoroughly the need which exists to maintain the other regulating boards, so as to eliminate all those whose existence is not an absolute necessity in the national economy. As our Department of Agriculture points out, "among the government control boards, which in recent years have played a prominent part in the economic life of Argentine agricultural and livestock producers, are the National Grain Board, the Grain and Elevator Commission, the Meat Board, the Cotton Board," and several others. Should that country eventually go back to free and open markets, permitting competitive forces to substitute for the various artificial factors, it is hoped that such action might spread to other countries, as well.

Primary receipts were 2,095,000 bu compared with 2,871,000 bu last week, and 1,209,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 55,000 bu.

Markets were strong from start to finish; even the announcement that 7 to 8 million bu of Canadian wheat had been bought by the CCC during the past ten days for feeding purposes failed to dampen bullish sentiment. It was thought that army flour orders might be placed shortly, and this may have also been responsible for higher wheat prices, although the great strength in rye was probably the main feature. Wheat at the last was about 1 1/4¢ per bu up for the day.

Oats were in good demand. There was covering in the September future and some new buying in the deferred months.

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CHICAGO MERCANTILE EX.

CHICAGO 4,Ill.

August 19,1943.

Sentiment after the close of the market yesterday was rather bullish, and it seems that most of the literature that comes from Washington these days is written in a somewhat bullish vein with respect to food prices. This naturally captures the minds of those who observed the heavy disappearance of wheat last season, and just today there has come to our notice a sheet from the Department of Agriculture stating in the first sentence that, "The wheat situation now is strikingly different from last year when supplies worr over-taxing storage facilities. Last fall all regular storage space was filled and vacant garages, and even schoolhouses, were used to shelter the large grain supplies.... Wheat supplies (carryover plus crop) at 1.6 billion bu were the largest in our history. Disappearance during the year ending June 30, 1943, however, also has turned out to be the largest on record-- so large in fact that it used all of the big crop and reduced the carryover from 632 million bu on July 1, 1942, to 600 million bu this July." The article goes on to say that disappearance is expected to be even larger this coming season, and that large quantities of wheat for feed could be utilized to advantage.

There have been some corrections in the figures of imports from Canada on feed wheat, smaller amounts now claimed to have been purchased from that country, although we understand from a private source that in the last four days about 3 million bu has been procured to be brought here for animal feeding. Should this business be carried on extensively, it might alter to some degree the statistical figures which were prepared earlier. Likewise, if imports of molasses from the Carribean are intended to substitute wheat requirements in the manufacture of alcohol, at least for the eastern districts, this also would change previous calculations. Nobody can tell for sure whether molasses would come to the Mid-West areas owing to transportation difficulties, but at least there have been some suggestions that a possible saving of 65 million bu of wheat might be effected if grindings of wheat were substituted by the molasses-sugar method. There have been some comments recently that distillers were turning to rye, and we have canvassed the field rather thoroughly but are unable to confirm that these surmises have the proper foundation. Of course, we do not mean to infer that alcohol cannot be made of rye, but on the other hand there have been no purchases recently to our knowledge of rye for this purpose; nor have we received any indications whatsoever that distillers intend to change over from the present wheat grinding program.

From the Northwest we are receiving reports of fine harvesting weather, and threshing has started in all districts except the Durum territory in northeastern North Dakota, also the later red wheat districts in northeastern Montana and along the foothills of the Rocky Mountains. As to wheat purchases in the country, they have been moderate. At the present time, the basis is 3 to 5¢ under loan values, and one of our friends tells us that he expects that most of the spring wheat which can find country elevator storage will go on loan. However, the elevators are filling up so rapidly that most of them will have to go quickly to a cash basis, which may cause some extra selling.

Primary receipts were moderate at 2,045,000 bu compared with 2,485,000 bu last week, and 1,070,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 59,000 bu.

Trade in the various pits appeared to be on a smaller scale than yesterday, and there were not the changing orders between various delivery months. In rye, there was some widening between September and December, and likewise the May future was the strongest. We feel that carrying charges both in wheat and in rye will widen unless a much better demand develops. At the last wheat prices showed an advance of 1/4¢ per bu.

Oats were quite strong, particularly the nearby month. Bookings of corn from the country are small, and most people continue to be impressed with the feeding possibilities and the big demand for all feed grains. The Chicago corn-hog ration for the week stands at 13.0 compared with 12.7 last week, and 16.8 a year ago.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. August 20, 1943.

Ordinarily at this time of year, a great deal of attention would be paid to the outcome of Canadian crops, and also, to conditions in Europe. Of course, this was especially true during periods when we were on an export basis, but at the moment we are almost forgetting the important price contributing factors, which once were paramount in everyone's mind. As a matter of fact, Canada is about to harvest a very moderate crop at best, although maturity is coming fairly well along, and the August rains certainly aided the filling process. Combines are working on wheat, oats, and fall rye in scattered localities, and preliminary returns from the fields reveal that grain yields in the severely deteriorated zones are light, although in many cases higher than had been previously expected. In the more favorable areas, outturns seem to be excellent, but as yet the grading of the threshed grain is high and the amount harvested is too insignificant to indicate what the average production might be. From the various private and official reports we have had, a total Canadian crop of some 315 million bu will not prove to be at all burdensome, considering that domestic consumption has increased from 40 to 50 million bu in the past few years, largely due to extra feeding. Moreover, Canada may ship enough grain to this country to augment our feeding requirements, so that finally a much smaller reserve stock will be on hand. The amount of exports to Europe will, of course, depend largely on the demand from the United Kingdom, together with some demand from Russia.

We are not getting as many crop reports from England as in peacetimes, and yet we do know that winter grains were reported in generally good condition on the 1st of July, and above average yields are anticipated. The spring wheat condition is also promising in most districts, despite dry weather earlier in the year. Trade reports indicate that a record harvest is in prospect and that the increased use of harvesting machinery is expected to offset labor shortages to some extent. Britain has really done a remarkable job in being able to open new acreages for farming, despite her tremendous contribution to the war, but the importance of food has always been recognized, and this was a prime factor in trying to reduce shipping requirements in order that planes and munitions could be brought into that country in great quantity.

When our market opened this morning, there was very little feature. Both wheat and rye prices were firm, and it remains to be seen what will be tendered on September contracts. It has been known for some time that hedgers in rye have been going over to the deferred positions, but in spite of this fact, the open interest has not declined materially, all of which leads us to believe that there may be some new hedges placed in the September contract by those who are carrying the rye receipts, which were taken on May or July contracts. Of course, this is more or less guesswork, and we shall have to wait for some days to see the final results in these evening-up processes. As far as wheat is concerned, we should not be surprised to see carrying charges widen further for the reason that the demand for cash wheat in this market is not particularly keen, and with Minneapolis futures selling at a discount of almost 8¢ a bu, there might even be further transfers of spring wheat to this market.

Senator Bankhead, from his home in Alabama, stated that the end of the war was bound to bring a reduction in farm prices in the transition period. He explained that the present program of 90% parity loans would be extended two years beyond the war's end, and this we believe is important to always bear in mind for the reason that loans have become more popular with the farmer ever since their inception and have always tended to tie up a good deal of grain artificially. It is impossible to judge as to the percentage now being frozen in the Northwest, but we presume that later on the CCC will reveal figures on this subject, just as was the case last year.

Primaries of 1,859,000 bu were smaller than last week, but larger than last year. Kansas City and Minneapolis stocks so far this week show a net increase of 124,000 bu. When the wheat visible is posted on Monday it will compare with an increase a year ago of 897,000 bu.

Liquidating orders came into the wheat pit after mid-session, and while pressure was not heavy, final prices were 3/4¢ per bu lower.

Trade in rye was moderate, and there was no special feature. This cereal failed to assume leadership as has been the case so much in recent sessions.

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CHICAGO 4, Illinois

August 23, 1943

Our market was influenced on Saturday by the weakness in Minneapolis, where December wheat had gone to a discount of about 8 1/4¢ under Chicago. Before the opening today, we were told that wheat receipts were again heavy, with 961 cars at that point, of which 258 were for the CCC. It, therefore, behooved traders to be a little bit cautious, as for the time being Minneapolis is the paramount factor, since any pressure exerted up there would immediately be reflected here. It seems, however, that a fair amount of hedging must have taken place on Saturday in anticipation of a larger movement, and, therefore, today's quotations were just moderately lower, and most of the weakness came right after the opening. Any fear which might have existed was quickly dispelled, and since prices at Minneapolis rallied, there seemed to have been a better sentiment here, as well, with the result that weakness was short-lived. Unfortunately, there was not much speculative trade.

As far as fundamental conditions are concerned, there is no change as far as we can see. Large quantities continue to be impounded, and while the CCC has given us some figures for the Southwest, the actual amount published, which is less than 25 million bu, would indicate that there is a lag in compiling data. Of course, for the Northwest it may be some time yet before we have anything accurate, but so long as the market prices stay beneath the loan level, and so long as the government is in the market buying cash wheat for feeding purposes, we feel that later on the effects of these artificial influence are almost bound to give us higher prices. It is unfortunate that with larger acreages permitted for fall seeding, soil conditions are not more favorable. There have been complaints in large wheat areas of Kansas that subsoil moisture conditions are not what they should be. From January 1st to August 1st, rains were apparently about 60% of normal. According to the Kansas Grain Feed and Seed Dealers Association, the crop which was just harvested has completely exhausted all reserve moisture from the soil. Of course, it is still early, and precipitation between now and September might change the present outlook. This is something which will undoubtedly be watched carefully, owing to the fact that consumption of wheat is taking place at a record pace. There was some rain reported overnight in the Texas Panhandle, with 1 1/2 inches at Amarillo, but this apparently was not general, and we believe that weather will have quite a bearing on the amount of actual seedings; the government has permitted an increase of about 14 million acres for the combined winter and spring wheat districts.

When the visible supply of wheat was posted, it showed an increase of 279,000 bu; which places stocks in all positions at 190 1/2 million bu. This is, roughly, 28 million bu less than was on hand a year ago. Chicago stocks increased nearly a million bu, so that we now have about 7 3/4 million bu at this market, and undoubtedly, wheat is coming in from the Northwest. Primaries amounted to 3,139,000 bu compared with 3,915,000 last week and 2,410,000 bu last year.

There was firmness in the wheat market after some hesitancy early, and the main inspiration came from rye, in which a sharp recovery took place, the September future leading the way. Whether the fall of Kharkov had anything to do with grains is a question.But there are a number of traders who feel that once there is peace, countries like Poland and Russia, which are accustomed to eating rye, may import larger quantities from this country.

One of our friends pointed out in a recent letter that "between May 11th and November 11, 1918, there seems to have been no one who publicly or privately predicted the end of the war before the end of 1918 except Ludendorff." Therefore, it might be unwise at this time to quarrel with anyone who felt that there might be an early termination of the war in Europe.

Trade was not particularly active; final wheat prices showed an advance of 1/8 to 1/2¢ a bu.

Oat prices were rather strong, and while the visible supply of 9 1/2 million bu is nearly 6 million bu larger than last year, we doubt whether there will be any big accumulations at terminals for the reason that feed grains are being used so largely at home.

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CHICAGO MERCANTILE EX.

August 24, 1943

For a person to trade intelligently in the wheat market these days, he almost has to have two sets of statistics before him, owing to the fact that there are so many artifical influences at work that the ordinary factors may sometimes be forgotten, but even these return when they are least expected. The Canadian Department of Trade and Commerce points out that, despite the less favorable prospects for wheat production in 1943, not only in Canada but in the United States and Australia, the world wheat supply position at the start of the 1943-44 crop-year appears statistically strong. With Canada's carryover of old wheat at a record level of 601 1/2 million bu, and the United States surplus of 609 million bu on July 1st, (which was only 23 million bu below the record carryover of 1942) North America had larger supplies than ever before in history. In addition to the North American surplus of old wheat, there is a large unsold surplus in Argentina and Australia, although the Argentine surplus, which on August 1st was claimed to be 248 million bu, has since been reduced owing to the fact that possibly 75 million bu may be burned for fuel. It is also true that crop news from Europe is good, and suggests that the 1943 harvest in the chief wheat producing countries is the best since the war began. As against all these factors, the amounts of wheat needed for animal feeding continue to be an exceedingly important development, not to speak of the added use of 100 million bu of wheat for the manufacture of industrial alcohol.

The one unknown factor is the amount of wheat which is likely to be shipped to Europe for relief purposes, which, of course, depends largely on war developments. On the whole, better crop prospects in Turkey and the United Kingdom may mean smaller requirements for those two nations, and, therefore, total shipments during 1943-44 do not promise to increase appreciably.

Reverting now to our own country, the loan program has become so prominent that only a part of the spring wheat is being marketed in the usual way, and the balance is becoming impounded, so that even now when normally pressure from the Northwest would be quite heavy, we have an entirely different situation. Nobody can tell for sure what percentage of the wheat will be frozen, but early indications would suggest that with prices in the spring wheat areas below the loan level, the quantities will be large, and this is bound to have its influence marketwise as the season progresses and we start consuming our accumulated reserves.

Primary receipts were 2,272,000 bu compared with 2,878,000 bu last week and 1,546,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 199,000 bu. It is quite surprising how Minneapolis stocks are showing a decline even during the period of the movement.

There seems to be fairly good-sized selling in the Northwest by country elevators, but this seems to be largely offset by mills and the government purchases for feed. Thus pressure upon the market is comparatively light, and even in Minneapolis there has been no widening in the carrying charges during recent sessions.

Our market here was rather firm. Rye, which had been the leader yesterday, was strong at times, but finally some reaction set in, and there was again moderate short covering combined with some investment buying. Final wheat prices showed advances of 3/8¢ a bu.

Oats likewise were strong at times, but best prices of the day were not maintained, and there appeared to be profit taking, but trade on the whole was not especially large.

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August 25, 1943

One of the most important factors at the present time pertaining to the wheat market is the loan situation, but unfortunately the figures are so late in being compiled that there is necessarily a good deal of guesswork connected with it. Of course, traders have to do a certain amount of reasoning, and those who have elevators in various parts of the country may also help to formulate ideas as to what is taking place. We know from previous experience that more wheat has successively been impounded each year. First of all, farmers became more familiar with the procedure, and secondly, the price became more attractive, as parity gradually rose until now it has reached a point at which 1943 wheat loans were made on basis of $1.23 on the farm. Even when the market price was close to this figure, there were undoubtedly some producers who figured that they had a certain amount of insurance protection by taking the loan, because if prices finally went higher, they could avail themselves of the additional profit. We also have to consider that in the Northwest where market values were less than the loan, farmers would readily apply for government help instead of putting their wheat on the market. On August 21st, the first government report was issued, and at that time the CCC had completed 35,000 loans on 31 1/4 million bu wheat from the current season. It took somewhat over $40 million to finance this. On the same date last year 125,000 loans had been completed and covered 63 1/2 million bu wheat. Of course, one might assume that the crop being so much smaller than the bumper yields of 1942 would make some difference but certainly not as much as is indicated by the figures just cited, and we still feel that there must be a lag and that possibly county agents or others who were instrumental in preparing these reports must be behind in their work. There is, of course, also the possibility that farmers have more money than ever before, and they have not rushed to either market their grain or to accept a loan, knowing that if the latter policy were followed, wheat would have to advance about 13¢ a bu if carried for over a six-month period before redemptions could profitably take place. So, it is altogether possible that a good deal of wheat is being stored on the farms, and for that reason we may have to be more patient than in other years to get the full story.

When our market opened this morning, it was influenced by several factors. There have been rather general rains over Iowa and northern portions of Illinois and Indiana, but elsewhere the corn crop is said to be deteriorating, and a report from Kansas was rather discouraging, while some corn in Indiana was said to be firing, particularly in the extreme south, and these attracted a considerable amount of attention. Weather reports from Iowa claim that there have been no rains of importance except moderate to heavy in several southwestern and south central counties. Progress of the crop was poor to fair, but last night's rains, in our opinion, may afford some relief. Also, deterioration reports came from Nebraska, and this would ordinarily have had considerable influence on the corn market, but at the present time, there is no futures trading, and thus whatever buying power there was went largely into oats, with wheat and rye also benefiting.

Primaries were 2,116,000 bu compared with 2,095,000 bu last week and 1,179,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 394,000 bu.

Crop reports from the Northwest pertaining to wheat were generally good. North Dakota weekly bulletin stated that harvesting and threshing was in full swing; yields were generally big, although some lodging in fully ripe fields.

Wheat lagged even with the great strength that occurred early in rye and the higher oat market, and at the last prices were about unchanged.

Rye was extremely strong, particularly the September future, which is a surprise to many people owing to the large stocks here in the city and a big visible. There was apparently sufficient profit taking in the December, so that at the last only modest gains were recorded.

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CHICAGO MERCANTILE EX.

August 26, 1943

While, of course, traders have been making due allowance for the heavy consumption of wheat in this country during the current year, it was further brought to the foreground today when a press dispatch from Washington claimed that the sales of wheat for feed were at the monthly rate of 50 million bu, while purchases by the CCC amounted to only 14 million bu. Of course, nobody can be altogether sure that the program will continue at this rate, for after all the CCC has only about 143 million bu wheat on hand, which represents their holdings on July 1st less whatever has been sold in the meantime, plus the domestic purchases through one of the federal agencies, as well as Canadian purchases of grain which is being brought into this country for government use. In other words, in another three months they would be nearly drained of supplies.

Much will depend later on as to the size of the corn crop, also the numbers of cattle and hogs remaining on feed, and we understand in some of the drought areas many truckloads of cattle have been brought into the slaughter houses, as pastures have deteriorated rapidly owing to dry weather. There were some splendid rains overnight, but these fell mostly in the Northwest, although the corn belt also was favored, particularly in the northern and central sections. Rains around Chicago were extremely heavy, but they extended as far south as Springfield, Illinois, and we understand that the same was true with respect to Indiana, while Iowa has had very good relief, and thus apprehension which had previously existed may have to be modified as time goes on.

The assumption, of course, is that feed grains of every description will be in great demand, and this likewise has strengthened rye, which in recent years has become more important to feeding of animals, since the numbers have greatly increased from pre-war times. There are others who remain bullish on September rye, the theory being that large industries may prepare to make certain cereals which were hitherto unknown. We have no way of confirming this surmise, but we have tried to check the actual demand for rye and find that recently stocks have not gone down appreciably. We also know that forward purchases are frowned upon by the government during a time when they are fighting inflation, and many industries are cautioned that they can buy only for their actual needs for the next thirty to sixty days. Therefore, it would seem rather doubtful that an anticipatory demand would be permitted in a futuresmarket unless there were an actual need and it could be demonstrated that such additional usage was in the common interests of our wartime food problem. Nevertheless, September rye was very strong at times, but whether the buying is for the same interests who are thought to have accumulated large quantities of cash rye by taking delivery on May and July contracts is something which remains a mystery. Wheat gave a rather negative account of itself in the early trade, but later firmed up, and, of course, civilians were warned by our President yesterday that during the next ten months they would have less food. This has been brought about because, tentatively 75% was allocated for civilian consumption, while the remaining 25% was divided in such a way as to give the armed forces approximately 13%, Lend-Lease recipients 10%, and other special needs 2%. All this had a rather bullish tinge, despite the fact that we are not exporting any large quantity of wheat, and for the first seven weeks of the season we have cleared less than 7 million bu, part of which may have gone to Mexico against previous arrangements under subsidy.

Primary receipts of 2 million bu were about similar to those of last week and compared with 1,387,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 632,000 bu.

There was firmness in all pits. Buying was not especially heavy, but on the other hand there was no pressure of consequence and this resulted in an advance of 5/8¢ a bu for wheat futures.

The Minneapolis market rules practically at a freight-off difference from Chicago, which leads us to believe that more grain may come down from the Northwest, although CCC buying is constant, and, therefore, nobody can be sure.

The oat market was strong, despite overnight rains, but feeding demand continues good. Last week the Chicago corn-hog ratio was 13.2 compared with 13.0 a week ago and 17.2 last year.

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CHICAGO 4, Ill.

August 27, 1943

The Bureau of Agricultural Economics points out that, "For about 3 years the index of wholesale prices of all commodities has been rising, almost without interruption. From May to July declining prices for farm and food commodities lowered the over-all index one point. The outlook for the next few months for wholesale prices of farm commodities is dominated by the livestock-feed situation." It is, of course, well known that consumer demand has been very large owing to the fact that there has been money in the hands of people who were willing to spend it at a time when goods were less plentiful, Until recent months wage rates had risen at about the same rate as in the first World War, but the rate of increase since January 1st has been much smaller than the rapid rise which occurred in 1918. At the moment there is a slight decline in employment, as both men and women are joining the armed forces, and also, as students are returning to schools and colleges, but this may be more than offset for several months at least by a continued increase in weekly earnings per worker. As is pointed out, the increase in weekly earnings is expected to result mostly from a lengthening of the work-week and shifting of workers from low-wage to high-wage industries.

When our market opened this morning, prices were mostly firm again. There had been some fine rains reported in western Kansas, and undoubtedly the corn belt has been well favored lately in northern and central sections, but for the moment at least demand for feed grains is well maintained. Ever since the expiration of the government guarantee to corn producers, marketings have been on a small scale, and even in oats the demand on the farms seems to be sufficiently heavy that we are not building up any big surpluses at terminals. Quite the contrary, cash oats are bringing a big premium over September, and instead of carrying charges between successive trading months, just the opposite situation prevails. In wheat, there has not been much pressure, even with the spring wheat movement in progress. The nearby delivery has strengthened in comparison with later months, undoubtedly influenced by the government program of buying constantly in the market to take care of feeding requirements. For the next few days, there will be more attention directed to the possibility of delivery on September wheat and rye contracts. The latter will be especially interesting for the reason that there is still 8 1/3 million bu September rye open, or practically as much as for the May delivery. Some traders who have been carrying receipts to protect themselves beyond the six-months' tax frontier may now be willing to retender on contracts. We might easily have a wider carrying charge, but on the other hand if speculative interests carry cash grain for a further period, it might be a different story entirely. Therefore, recognition must be given to the new tax law, which formerly was not a factor.

The War Food Administrator is scheduled to make a radio speech late tonight. How far he will go in disclosing details of the 1944 food program remains to be seen. Meanwhile, there is not much grain news of consequence.

Primary receipts amounted to 1,950,000 bu compared with 1,859,000 bu last week and 1,330,000 bu last year. Kansas City stocks for four days show a decrease of 505,000 bu. When the visible is posted on Monday, it will compare with a shrinkage last year of nearly one million bu.

Markets were very firm. Further strength in rye and in oats attracted attention, and the September deliveries, generally speaking, were strong. This all lent a somewhat bullish tinge, and at the last wheat prices showed advances of about 5/8 a bu.

Rye was again higher, and there was some changing that appeared to be for the account of trade interests covering nearby commitments against sales of the more deferred futures.

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CHICAGO 4, Ill.

August 30, 1943

The end of last week the Commodity Credit Corporation released figures showing that 5,631,000 bu of wheat had been impounded for the week ending August 21st with a total of 36,923,000 bu placed under the loan from this year's crop, as compared with 77,183,000 bu for the similar period of last year. However, they point out that there is a considerable lag and that undoubtedly the quantity is larger, as it takes two to three weeks to get the necessary papers through. Officials further predict that between 200 and 250 million bu will be placed under the loan this year, which would be the smallest quantity since 1939. In reviewing the figures, we note that in 1938, the first year of the present loan program, 66 million bu was impounded out of a crop of 931 million bu, or 7%. In 1939, loans were made on 167 million bu from a crop of 751 million, or 22%. In 1940, 278 million bu was impounded from a crop of 812 million, or 34%. In 1941, with a crop of 943 millinn bu, 365 million went under the loan, or 38%. In 1943, a total of 406 millio bu was impounded from a crop of 981 million, or 41%. This year's impoundings will be from an estimated crop of 834 million. The relatively light loans forecast for this year naturally follow the fact that cash wheat has been selling nearer the loan value than in previous years. In fact, the low during July and August on Chicago September wheat was $1.42 7/8 against the loan value, basis Chicago, of $1.42. In previous years, it ran as follows:

		July-August Low Chicago September wheat	Loan Chicago	September Futures Under loan
1938	-	60¢	77¢	17¢
1939	-	69 3/8	80	19 5/8
1940	-	66 7/8	81	14 1/8
1941	-	$1.02 3/4	$1.15	12 1/4
1942	-	1.15 1/2	1.32	16 1/2

Much interest has been attached to the recent statements of Marvin Jones regarding possible support prices and ceilings, and if these programs should be applied to wheat, it would appear that higher prices are contemplated for this cereal, in order to avoid a rather chaotic condition by the end of the present crop-year. Government forecasts have been for a carryover at the end of the present crop-year of approximately 250 million bu. In other words, unless redemptions take place, the entire carry-over would be tied up under loans and no free wheat available. The farm loan price this year is $1.23. Allowing 7¢ for storage and 3¢ for interest, it would mean a minimum redemption price on the farm of $1.33, and using the usual Chicago differential of 19¢, it would be a price of $1.52, basis Chicago, without allowing for any profit-merchandising costs, etc.

According to the Food Distribution Administration, harvesting weather has been generally favorable in Europe this season, and a record crop has been assured in the United Kingdom, with yields in Germany fair but not up to early expectations. Crops in the Balkans are considered generally good. It may be interesting to know that England formerly raised about 30% of the food and imported 70%, while at present due to the war effort these figures are practically reversed.

The visible supply figures were not available before the close of our market, as several points were missing. Primary receipts today were 2,698,000 bu compared with 3,139,000 a week ago and 2,697,000 the same day last year.

Interest today was centered around the purchases by the CCC of las Saturday, presumably for the purpose of crop insurance. It is estimated that purchases in Kansas City were upwards of 1 1/2 million bu, and probably totaled nearer 2 1/2 million in all positions. There was evidence of some hedge lifting in this market against these sales, although apparently the price on some of the purchases is still to be set. With tomorrow being the first day for tenders, there was liquidation in evidence in our market, and at the close September wheat was 5/8¢ lower, with the December 3/8¢ lower.

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CHICAGO MERCANTILE EX.

August 31, 1943

According to a release of the Department of Agriculture, for the thirty-day period ending August 15th, prices received by farmers for farm products advanced 5 points, lifting the index to the highest point since September 1920, while prices paid by farmers for commodities, interest, and taxes remained unchanged. A large portion of the upturn was caused by an advance in chickens, eggs, cotton, cottonseed, dairy products, and some grains, For the first time since August 1942, the parity price on wheat remains unchanged from the previous month: namely $1.46. Going back to the outbreak of war in this country, December 1941, the parity price has shown a steady increase month by month, with the exception of a four-month period in 1942, and has risen from 126.4¢ to the present level of $1.46, or a 15 1/2% increase since this country's participation in the global war. While many of the products of the farm have advanced during that period to approximately parity or higher, wheat and rye are still lagging behind. In November 1941, with a parity of 126.4¢, the average farm price of wheat was 93.4¢, or 74% of parity. On August 15, 1943, with a parity of $1.46, the average farm price as given by the government agency was $1.27, or 87% of parity. The farm price of rye has advanced from 53% of parity in November 1941 to 74% on August 15, 1943. However, during the same period, corn increased from 69% of parity to 103%; oats from 72% to 99%; cotton from 89% to 97%; hogs from 94% to 114%; and cattle from 119% to 138%. The prices used are the actual average farm prices and do not include soil conservation or parity payments.

It is rather difficult to come to any conclusions as to the suggested new program being developed by the War Food Administration for the handling of food products until more complete details are furnished. As one commentator points out, the new term now being used instead of subsidies, rollbacks, etc. is "redemption," which covers a plan to subsidize farmers and at the same time to lower the price to the consumer for a given commodity. The thought behind the plan seems to be the making of non-recourse loans to the producers at levels that would assure adequate production and cover storage charges. At any time these loans could be redeemed below the loan value by the farmer, and made available to the trade at the lower levels. At the same time, the ceiling price would also probably be lowered. As to whether a plan of this nature will meet the approval of the legislature or the Farm Bloc remains to be seen. In connection with control plans, an editorial in the Wall Street Journal points out that the lessons learned from coffee prove that one effective method to stop inflation is full production and distribution, as the present imports of coffee are in such volume as to be a threat of forcing prices under government ceilings. They further comment that the experience in coffee shows "how very quickly the usual machinery for supplying what the people want can adjust itself when artificial restraints can be lifted."

The visible figures which were not posted until this morning, showed a decrease in wheat of 2,383,000 bu as compared with an increase last year of 990,000 bu. Total figures stand at 188,054,000 bu and are now 29,351,000 less than a year ago. Chicago stocks increased 795,000 bu and now total 8,538,000 bu. Primary receipts today were 2,577,000 bu vs. 2,272,000 a week ago and 1,693,000 the same date last year. So far this week Kansas City and Minneapolis stocks increased 26,000 bu.

There was no rain in the Southwest overnight, and there is some anxiety being expressed at the continued warm, dry weather. Timely rains would be very beneficial for the planting of the new crop. There was some milling business in evidence earlier in the session and quite afew inquiries are coming in from mills for cash wheat. While changing orders were the largest part of the business today in the wheat pit due to the first day of tender, a somewhat more bullish feeling was in evidence due to figures given out by the BAE, estimating that the expected disappearance of wheat would approximate 1,200 million bu. They forecast : 537 million for human food, 80 million for seed, 425 million for feed, 125 million for alcohol purposes, and 35 million for exports.

At the close September wheat was 1/2¢ per bu higher and December 3/8¢ higher.

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CHICAGO MERCANTILE EX.

September 1, 1943

Wheat surpluses in the world have been accumulating since 1936, and the total prospective supply for 1943-44 is only a shade smaller than it was a year ago. This would ordinarily be construed as bearish, except for the fact that the end of hostilities would bring in a tremendous demand for all foodstuffs, but there is another factor, even assuming that the war will continue: namely, the huge consumption which is expected to exceed all previous records. As we have pointed out in previous letters, there may be 400 to 425 million bu used for feed, and a large quantity for alcohol, so that the combined usage might even exceed the amount that is normally ground for human purposes. According to the present outlook, food use of wheat will only be slightly higher than the previous season, even though we have a larger number of men in the army than in 1942.

There is another item which is drawing more attention: namely, the drought, and while plowing for winter wheat has made good headway in the Northern Plains and lake regions, it is being retarded in the Ohio Valley, and it is nearly impossible in most sections from the middle and southern Mississippi Valley westward over the Southern Plains. A good many of the State reports issued today claimed the need of rain in the near future, and in Ohio some farmers were hauling water for stock cattle, with pastures drying up. Unfavorable weather with high temperatures and no rains caused further deterioration of corn in Nebraska, and there is precipitation deficiency in Kansas, Oklahoma, and Texas said to be lowering prospects of crops not already harvested. The Oklahoma drought is one of the worst in history, with the result that corn production in many localities has been cut in half, while in other sections it is a near failure. Of course, it must be borne in mind that this is only the first of September and much can happen with respect to wheat planting to relieve tension now existing. We have seen in parts of the Texas Panhandle in which wheat could be sown as late as Christmas and yet produce a fairly good crop the following summer. This, however, is extreme, but fall moisture is very important and must be carefully watched.

For several months rye has had many friends, due to its comparative cheapness to wheat, and it was thought that possibly greater usage for distillation would give it a higher value compared to oats, corn, and wheat. This factor has not materialized, but at the moment others are bullish, holding the belief that rye feed can be substituted for other scarce articles. Feed men with whom we have discussed the situation remind us that for thirty-five years rye feed has been difficult to dispose of. In the past they have never sold any large quantities for this purpose. It often sold anywhere from $5 to $6 a ton under the price of bran. It was not only the fear of ergot which discouraged its use, but also the fact that it did not have the same nutriment for animals as the many other commodities. Of course, when the price of any article is so far out of line, admixtures take place, and we may, therefore, find that if the government wheat program continues at such a high rate, more rye would finally disappear from reserve stocks, but at the moment consumption does not seem to be increasing very appreciably.

Primary receipts amounted to 2,245,000 bu compared with 2,116,000 bu last week and 1,396,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 132,000 bu.

Wheat prices were never very strong even when rye rose about 3¢ a bu. However, the September delivery gained on the deferred months, and late in the session when rye prices reacted profit-taking came into the wheat pit, and final prices were about 7/8¢ a bu lower.

We do not have the full story yet of re-tenders on wheat and rye contracts, but it will be interesting to see what the developments are as the month progresses.

Oat prices were firm but there was no important feature, despite dry reports in the corn belt.

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CHICAGO MERCANTILE EX.

September 2, 1943

Events which at the time often appear important are sometimes quickly forgotten, and we, therefore, feel that we would be remiss in our duty if we failed to call attention to the changes which have taken place in the wheat situation since 1938 when the Munich Conferences were held. In August of that year, the four major exporting countries: namely, the U. S. A., Canada, Argentina, and Australia, had reserve stocks on August 1st of 304 million bu. These nearly doubled the following year, and in 1939, increased to 630 million bu, just about the time when the war started. By 1940, they were further increased to 768 million bu; in 1941, they were up to 1,052 million bu, and a year ago this August, they had reached a high of 1,376 million bu. At the present time, we figure the United States carryover tentatively at 618 million bu; Canada at 601 million bu; and the August 1st figure of Argentina, 144 million bu; Australia at 190 million bu, or a total of 1,553 million bu. Of course, North America looms out as the great wheat reservoir, and it would ordinarily be construed as bearish, owing to the fact that chances for export are very limited. But another factor has arisen, and especially so in this country, where we may now look forward to a record wheat disappearance, which the government estimates will total about 1.2 billion bu, distributed as follows: food 537 million, seed 80 million, feed 425 million, alcohol 125 million, and exports and shipments 35 million bu. When we make comparisons with pre-war years, everything, of course is completely changed. It is true that some wheat was always fed, but during the ten years prior to 1942, this use averaged slightly over 100 million bu a year, but since the war has stimulated enormous increases in animal numbers, and since corn has proved insufficient even though a bumper crop was raised last year, we have had to supplement supplies of feed grains through a continued usage of wheat, and the quantity seems to be limited only by the amount which is presently owned by the CCC, either acquired through the loan program or by purchases, together with those quantities that we are likely to import from Canada.

The shipping problems, both rail and boat, do not augur too well for large imports, and in arriving at the estimate of 425 million bu, the government, in one of its recent publications, stated that about 120 million bu would be fed on the farms where grown, 65 million bu of CCC wheat sold prior to July 1, 1943 to be fed after that date, and that further sales of 215 million bu owned by Commodity Credit on July 1st would be fed, together with quantities acquired in domestic markets at loan rates and by imports. Thus, our carryover reserve next July will be measurably reduced, particularly since large quantities of wheat are also being used for alcohol, as a result of the war. Prior to 1941, this was a negligible factor. Whether we shall consume 125 million bu for this purpose in the current season depends somewhat on the extent to which substitutes are allowed, and at the moment further increases in molasses imports are likely in Eastern districts. The trade seems fully conscious of the change which faces us, and, therefore, little attention is being paid to the large supplies on hand, but rather speculators are trying to discount the future in making their analyses.

Primary receipts were slightly smaller at 1,846,000 bu compared with 2,012,000 last week and 1,516,000 last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 285,000 bu.

Markets were reasonably firm early in the session, but late in the day rye became quite weak, and there were also further tenders on September contracts, which seem to be circulating about. This brought in some liquidation, with the result that final values were down about 5/8¢ a bu.

Rye becomes vulnerable at times, owing to the fact that there is a pretty large open interest. It may take some imagination on part of longs to believe that feeding operations will become a much more important factor. All grains seem somewhat influenced at the moment by continued reports of dry weather, and the next official corn crop estimate will undoubtedly show a considerable reduction from the forecast made a month ago.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill.

September 3, 1943

The question of food is undoubtedly on everyone's mind, particularly since housewives have to figure their ration points daily. But despite the drought and some of the more unfavorable factors which have confronted us recently, our food production this year is expected to exceed last year's record high by 5% and will be 32% above the average of the four years just prior to hostilities. The increase will come mainly from livestock production, which is expected to be 10% above 1942 and 38% above the average in the years 1935-39. This, of course, explains the tremendous requirements for all feeds, and it is, therefore, rather encouraging to note that the estimates on the corn crop have not been materially cut even though dry weather has been a rather important factor. The chances are that if we had had average moisture during August, the final results for corn might have come close to the record crop of last year. As it is, we may have to modify our views to some extent, but according to present prospects, we may still procure yields which are much better than average. On the whole, there should be no great amount of suffering, insofar as the civilian population is concerned, and while our war requirements are likely to absorb about one-fourth of our total production, the per capita civilian supply for the year will be slightly larger than the consumption in the four years just before the war.

When our market opened this morning, it was influenced by the Italian invasion, and while not much news is forthcoming yet on this subject, it has been true in speculative grain markets that war has always been considered bullish, because of extra usage and wastage, while peace has meant the reverse. Of course, there are many factors which may determine a long-time view: chiefly, the loan. According to the present law, the loan will be operative for two years after the war ends, and while it is altogether possible that parity prices, which have risen so substantially may reverse their trend, still one can be fairly sure that large quantities will continue to be impounded for sometime to come. One's psychology must naturally be altered if there is to be peace within the next six or eight months. A carryover reserve of 600 million bu wheat in Canada does not appear to be so large while the war is on, but it would certainly be an enormous carryover if the much cheaper Argentine wheat and that from Australia would again become competitive. This led to some selling in Winnipeg today, but, after all, one must regard that market in the light of about 97¢ a bu for May wheat, taking the discount of the Canadian dollar into account. Also, one must recognize that during the post-war period, a tremendous demand would arise from the impoverished and stricken areas of Europe. In these circumstances, we are not inclined to believe that wheat prices would be long depressed until the farming areas of Europe became rehabilitated.

Rye became weak at the outset, with further liquidation, and tenders on September contracts have depressed both this cereal and wheat to some extent. In the main, we continue to believe, according to the best advices at our disposal, that the alcohol program will resort largely to the use of wheat and not rye. Some substitutes are likely, and molasses is coming into the country in greater volume, but we are told that if the amounts become sizeable, more alcohol may be made and new plants for its manufacture may be erected. There is, of course, the possibility that rye whiskey may be permitted later on, but thus far the actual demand for rye has been largely speculative, and in our opinion, there is good reason for this cereal selling at such big discounts under other grains.

Primary receipts were down to 1,400,000 bu compared with 1,950,000 last week and 1,300,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 507,000. We expect a decrease in the visible supply on Tuesday, whereas a year ago there was an increase of 429,000 bu.

Markets were rather uninteresting. Wheat fluctuated within an extremely narrow range and at the last was unchanged.

Rye was somewhat lower, but here, too, pressure was light, and there was little feature.

Oats lost some ground; probably selling was induced by the private estimates on corn, which showed very little change from a month ago. Also the oat crop in the Northwest is moving and some imports from Canada continue.

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CHICAGO MERCANTILE EX.

CHICAGO September 7, 1943

Total production of food crops is expected to be 9% smaller than last year, but yet 13% above the average of the four years just prior to the outbreak of hostilities. The chief decreases are in fruits, truck and sugar crops, while potatoes and dry edible bean crops are expected to be larger than in 1942. The Department of Agriculture has also revised its estimates of total meat production, indicating 24 billion lbs, which is by far the largest on record. Likewise marketings of chickens have greatly increased in recent weeks, with supplies for the remainder of 1943 considerably larger than the previous record accomplished in 1942. The feed supply per animal unit for the season 1943-44 may be about the same as in the period 1935-39 but 15% smaller than last season. The corn crop, according to August 1st indications, was around 2.9 billion bu. There may have been some deterioration since that time, and we shall not have to wait long until the September crop estimate is published, although the private experts did not report much reduction. Such a crop would be 300 million bu under last year's, but otherwise the largest yield since 1932; it would be 525 million bu greater, or an increase of 22% above the ten-year average, 1932-41.

It was rather encouraging to learn that further rains had visited important sections of the grain belt. In the Southwest, there seemed to be fairly good coverage in Kansas and Nebraska, although many points may have been skipped, and with weather reports somewhat inadequate owing to war conditions, it is not quite so easy to formulate ideas because of these restrictions. It does appear, however, as though the Texas Panhandle were still dry, and possibly sections of Oklahoma, also. In any event, when our market opened this morning, prices were barely firm, and there seemed to be little interest centering in wheat. There were higher prices for rye, although we do not know just what stimulated fresh buying in this cereal. One of the large manufacturers of commercial alcohol has advised us that while rye appears to be considerably cheaper than wheat, pound for pound, the distiller also encounters complications in the distilling process, with the result that the yield usually falls very much short of the theoretical calculation. Under these circumstances, a very wide spread must be maintained in order to make rye at all practical or even profitable. He further states that rye is a difficult product to handle in the distillation operation, and very frequently it will reduce the volume capacity of the distillery. Were it not for these factors, rye would be used extensively at the present time, considering the big discount under wheat. But this informant does claim that when it comes to beverage purposes, the matter of using rye assumes an entirely different aspect. In other words, for the manufacture of rye whiskey, it is the flavor that becomes important; so that the matter of lower yields may be less significant. Therefore, those who are bullish should watch carefully a change of attitude on part of the government, in the event that rye whiskey might again be produced under different regulations.

Primary receipts were reasonably large at 4,027,000 bu, but there was no special pressure. Last week they amounted to 2,577,000 bu, and a year ago they were 2,507,000 bu. When the visible supply of wheat was posted it showed a sizeable decrease, amounting to 3,609,000 bu. This leaves total stocks in all positions 184 1/2 million bu, or roughly 33 1/2 million bu less than a year ago. At Chicago, stocks were reduced 335,000 bu during the week, leaving 8 1/4 million bu here.

The wheat market was firm, largely in sympathy with rye, but there was no important feature. Trade on the whole was small, although undoubtedly larger than on Saturday when the volume was only 3 million bu. Final prices were unchanged.

Oat prices were reasonably firm, and the Sep.future maintained a good premium over the deferred deliveries. Most people feel that there will never be burdensome supplies at terminal markets. The visible increased less than 1/2 million bu, with total stocks slightly over 11 million bu at all points.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill.

Sept. 8, 1943.

The most important news, of course, was the complete capitulation of the Italian Armies, and the announcement by General Eisenhower that Italy had accepted unconditional surrender. While this news had been more or less expected for sometime, nobody could guess the exact date, and the moment radio dispatches told of the allied successes, there was a considerable amount of selling, particularly in speculative markets, such as rye, with the result that considerable activity took place until the selling was absorbed. It has always been a fact that war is considered bullish, and during the period 1914-18, prices rose very appreciably, with the pattern followed to some extent during present hostilities, except for the fact that many of the conditions were entirely different.

First of all, export business for the last three years was only trifling in comparison with what took place during the previous engagement. Furthermore, the surplus countries had such vast supplies this time that it was deemed necessary to burn about 75 million bu wheat in the Argentine for fuel. In our own country, we have been feeding tremendous quantities, and this could not have been done had there been big demands made upon us, as was the case twenty-five years ago. As a matter of fact, whatever requirements were needed for Russia and Britain could easily be taken care of by the vast stores in Canada, and even with this extra demand, Canada had the largest carryover supply last August in the history of that country. However, there are always certain psychological factors, and regardless of what the secondary consequences may be, the first impulse was to sell, although liquidation was not especially heavy. The next thing to be considered is the rehabilitation of Italy, and later on, other European countries which have been half-starved for the past three years. Thus we do not consider it wise to become too bearish, particularly with the artificial influences in this country, which are still with us. In these discussions, we have in mind mostly wheat, and for the time being feed grains, but one's thinking will have to undergo many changes between now and the time that Germany follows in the footsteps of her Axis partner.

Not much attention was paid to statistical news. Reports which are now coming to hand indicate that the recent rains in the Southwest were probably better than the individual and scattered advices which were previously circulated. In Kansas, for instance, there have been over 2 1/2 inches of rain around Spearville and Kinsley; close to one inch at Hutchinson, and during the week widely scattered rains over much of the central and western part of the State. A newspaper clipping claims that cloudbursts hit western sections of Kansas, and that the precipitation ranged from light showers to 10-inch floodmakers, extending all the way from Hutchinson to the Colorado line, and from Rice County to the Kansas-Oklahoma border. This, of course, is especially welcome in order to get the land prepared for fall plowing and seeding, and with the government permitting a larger acreage, it is a tremendous help to winter wheat farmers. According to the government weekly report, preparation of seedbeds for planting fall grains has made good headway, except in the drier areas of the Middle Atlantic States, the lower Ohio Valley, and the Middle and Southern Plains. Showers have conditioned the soil in many sections of the Southern Plains, and thus a good deal of apprehension is relieved by this improvement in the weather.

Primary receipts were 2,352,000 bu compared with 2,245,000 bu last week, and 2,609,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 248,000 bu.

Considering the news markets really gave a good account of themselves. After the initial selling had subsided, there were recoveries, and in wheat final prices were unchanged.

Oats held rather well, even at times when other cereals were weak. The main strength was in the nearby future indicating that the spot demand for the cash article continues, and up to the present time deliveries have been small.

Rye withstood probably more selling than other grains for the reason that the open interest is comparatively large, and is actually more than the amount which was raised this year. However, steadier prices followed later in the session, and there appeared to be a number of people who still believe that this cereal is selling at big discounts under wheat. They are right, but the question is whether rye whiskey finally will be permitted, as otherwise, we doubt whether the feeding demand or that for distillation will prove sufficient.

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CHICAGO 4, Ill. Sept. 9, 1943.

When our market opened this morning, prices were firm, but there seemed to be very little public participation in any of the pits. The wheat market had closed for five consecutive days at $1.47 for December wheat, in spite of many important world occurrences that had taken place. Favorable news from Russia, where the Germans had been driven out of the Donets Basin, and the complete capitulation of the Italian Armed Forces failed to bring about any material changes. Even the possibility that the Ukraine might go back into Russian hands in time for agricultural production next year aroused no more than passing comment from this side. It seems that the artificial influences are so strongly imbued in the minds of most traders that other factors are being more or less overlooked. We have just been told that the CCC has only 44 million bu wheat under its domination from the current crop. On the same date last year, loans were completed on 94 1/2 million bu, or more than twice as much. Officials are forecasting that the total impoundings will not exceed 200 million bu for the entire season, or perhaps half as much as last year, owing to the fact that better market prices have prevailed, and thus more sales were encouraged. This might be construed as somewhat bearish if there were not other offsets. It is naturally an important item how much wheat is artificially withheld from markets, and very likely firm prices last season were largely the result of the comparatively small quantities which remained in the hands of the trade.

One cannot overlook the fact that the feeding program is disposing of supplies at a much heavier rate than the most fantastic kind of export business which might have developed.
The CCC does not think it will be possible to have enough corn and other feed supplies to maintain the hog production at this year's record level, and for this reason a lower support price has just been announced for 1944, the new figure to be $12.50 per 100 lbs, or a reduction of $1.25. The present program does not expire until October 1,1944, but the announcement has been made in ample time so that feeding operations currently taking place may be anticipated before actual marketing of animals takes place. At the present time, total CCC wheat stocks are estimated at only 127 million bu, and the selling rate has continued at about 1 1/2 million bu per day for feeding purposes, some increase having taken place because of the deficit moisture areas where feeding problems have increased. Of course, government stocks are augmented through Canadian purchases, as well as by domestic purchases in the Northwest, but in any event, the outgo is so much faster than the intake that our carryover reserve next July will be down to very moderate proportions.

We brought to the notice of the Statistical Department an apparent error in tabulating Chicago stocks last Tuesday. They corrected their figures, showing that an increase of 905,000 bu had taken place, whereas a decrease of 300,000 bu had originally been shown. Apparently, the Weighmaster's Office had reported private and custodian stocks 1,240,000 bu too low. In any event, total stocks in this market now amount to 9,443,000 bu, and it likewise changes the visible supply stocks for the country to a total of 185 1/2 million bu, or a decrease of 2,369,000 bu for the week.

Primary receipts were 1,845,000 bu, or the same as last last week; this compares with 1,565,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 629,000 bu.

For a time our market resisted despite the great strength in Winnipeg, but finally responded partially with the result that the close was at an advance of 3/4¢ a bu. The Winnipeg market may have been affected by frosts in Canada, but also export business and the possibility of larger exports when Italy is liberated, and exports of foodstuffs are permitted. After all Winnipeg May wheat is still below $1.00 in our money; therefore, is selling at a tremendous discount under Chicago futures. There were also frosts reported in Minnesota and the Dakotas, which may be harmful to corn. This influenced oats, and the December delivery almost touched the season's high. Rye was also strong following the general trend.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. Sept. 10, 1943.

Ordinarily at this time of year we would be in a position to make a rather accurate calculation owing to the fact that the wheat crop has been about gathered, and there is not likely to be much change in the final yield of the winter wheat crop from the earlier estimate. Also, later in the day the government will report on the spring wheat crop, but even that is expected to be somewhere in the neighborhood of 300 million bu, so that with a carryover of 618 million bu from previous seasons, our total supply is about 1,453 million bu. The great difficulty, of course, is in trying to estimate our consumption. It is just the reverse of normal years when the utilization at home is more or less constant and when our great worry is the amount which will be exported. Up to the present time, as near as we can judge, about 8 1/4 million bu wheat and flour has left these shores, and the chances are that with Canadian wheat selling so much under us that our shipments for the entire season will not vary a great deal from those of last year. However, we can no longer figure on a normal domestic usage of 700 million bu, but are more likely to have a figure in line with the federal estimate of about 1,200 million bu, as each day tremendous quantities are being sold by the government at a loss of 40 to 45¢ a bu, depending on locality, and this grain is sorely needed for feeding purposes. Even with the bumper corn crop of last season, we never could have sustained a hog population of the present size except for this change. Of course, any larger quantities of wheat which come in from Canada will alter the prospects, but for the time beingthere is a very bullish feeling, and we understand that the government has had to turn down many requests for feed wheat because stocks on hand appear to be inadequate, and at a price of $1.06 the demand far outruns the supply.

When our market opened this morning, prices were firm to a shade higher, and Winnipeg futures were very strong, with a report that the British government would be in the market for a million tons of Canadian flour, shipment to be made with the utmost dispatch. There is no surprise in that Britain is taking such big quantities from Canada, but having been brought to the foreground it instilled confidence amongst certain traders who were recently disappointed over the fact that Winnipeg May wheat had lagged so far behind. It should be borne in mind that there is a heavy disappearance in that country, and for the past week, assuming one million bu was needed for domestic usage, the indicated exports amounted to about 3 1/2 million bu. So even with a carryover reserve of 601 1/2 million bu, there are inroads being made into their accumulations. We do not have the final figures of Canadian production, but for the provinces and the East, it is likely that the total may amount to over 300 million bu, which is small in comparison with last year's harvest of 592 million bu.

It is encouraging to learn that about 1 1/4 billion lbs of food and other agricultural commodities were sent from this country during July to the allied fighting fronts. This reflects a steady improvement in shipping conditions, as July deliveries were the largest for any month since the beginning of Lend-Lease operations in March 1941. This increase in food deliveries indicates that the allies are taking advantage of favorable shipping and supply lines to move abroad large quantities of the bulkier commodities, such as flour and cereal products, as well as meats and sugar.

Primary receipts were fairly large at 1,916,000 bu compared with 1,400,000 bu last week, and 1,664,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 912,000 bu, indicating a fair shrinkage for the visible supply next Monday.

Best prices of the day were not maintained, and the trouble seems to be the extreme lack of interest. Yesterday, for example, only 5 million bu of wheat were trade in the whole pit. Under these circumstances it may take longer before the feeding program is fully discounted, but each day we are making larger inroads into our surpluses, and this is already having its effect upon cash premiums, especially in the Northwest, where high protein wheat has been advancing as compared with the futures. Final prices were about unchanged.

Oats and rye were reasonably strong early; the former went to a new high for the season, except for the May delivery. When wheat reacted some selling took place, but we think the volume was small.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO 4,Ill. Sept. 13, 1943.

While there is much speculation as to the possibility of shipping larger amounts of wheat to Italy, there seems to be very little discussion of another important crop: namely, rice, which is grown mainly in the northern districts of Italy, almost exclusively in the Po Valley. Few realize that Italy is the most important rice producing country in Europe, and that in recent years the usage has been materially stepped up to the extent that the consumption amounts to about 17 lbs per capita. Last year's crop amounted to 42 million bu, and the yields in recent years have been the highest for any country in the world. For example, they average about 100 bu per acre, as compared with only 48 bu in the United States. Rice is grown in Italy as a single crop, and also, as a second crop, following the winter wheat. Harvest is mainly in September and in October. Should the Nazi forces maintain their hold in the northern area where rice is grown it might have a tremendous bearing on Italy's food problem, and we call attention to the fact that in peacetime heavy Italian exports were always made to Germany, although some shipments also followed to Hungary, Jugoslavia, and France.

When our market opened this morning, prices were very firm, and the selling which had been conspicuous in the closing minutes of Saturday's session apparently had run its course. The trade continues to feel that, despite the comparatively small loans, which at the end of August showed 44 million bu impounded, there is a more important item: namely, the large amount of wheat feeding, which at the end of the season should reduce our reserve stocks very materially. One can hardly believe that feeding of wheat will be a permanent policy, but to what extent we may recapture our export markets during the post-war era is also something which cannot be foretold at this time. The Argentine Minister of Agriculture stated recently that Argentina's new agricultural policy is to expand the crop and livestock production, and to eliminate all the restrictive measures of previous years. The Argentine government has revised its selling price for both the 1942 and 1943 wheat crops. Basis Buenos Aires, 1942 wheat is offered in bulk to exporters at 72 3/4¢ in our money, and the 1943 crop at 77 5/8¢. This represents an advance of about 3¢ a bu but shows great modesty even compared with prevailing values in Winnipeg, and of course, any competition from the United States would mean tremendous subsidies if we expected to do much business. There are also large stocks of unsold wheat in Australia, and according to the most recent estimate, as of August 1, 1943, the figure stands at 187 million bu. Exports, of course, are very small but consumption of wheat as stock feed is 30% higher than last year owing to animal feeding and the absence of mill offals. Weather in that country is anything but propitious. Rain is urgently needed and the acreage has been cut considerably from past years.

Since the government report was compiled, weather in our corn belt has not been overly satisfactory. We need warmer days to mature the crop, but there were no frosts reported over the week-end, and it is altogether likely that the unusually cold spell may be followed by more normal temperatures. The outlook is still for near-record crop yields on the largest acreage in ten years. Should we get a crop of nearly 3 billion bu, it would be about 6% below the record production of last season, but would still be the second largest corn crop in twenty-three years. The carryover should also be substantial, and with record crops of beans, peas, soybeans, rice, potatoes, and large crops of hay, oats, barley, and grain sorghums, the outlook seems to be quite favorable, especially if there is some reduction in the animal population.

Primary receipts were 2,621,000 bu, last week was a holiday, a year ago they amounted to 3,371,000 bu. The visible supply decreased slightly over 2 million bu, with total stocks in all positions 183 1/2 million bu, or 34 million bu smaller than a year ago.

Chicago wheat stocks increased 273,000 bu to a total of 9 3/4 million bu. Despite this fact there seems to be a tendency for carrying charges to narrow, and the July delivery is selling at the biggest discount under May which has yet been recorded. Final prices were 7/8¢ per bu higher, but there was no material improvement in the trade.

Rye and oats were also higher. There is over 9 million bu of rye here in Chicago, but apparently some large operators continue to carry large quantities of rye, and this is causing great uncertainties. This is especially true since there is no urgency in the demand for spot rye, although traders continue to play the bull side because of comparative

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill.

Sept. 14, 1943.

As the corn crop comes closer to maturity, there appear to be discussions by members of the War Food Administration on a tentative program to insure the prompt marketing of 15% of the nation's crop required by industrial users. Just to what extent the OPA will try to impose a price ceiling in line with last year's figure, or somewhat higher remains to be seen. We are told that they are more or less satisfied with the operations of last year, insofar as the price return was concerned, and no one can deny that on the whole values were prevented from rising, but on the other hand, there were a great many distortions. It also is fair to state that while the war lasts important but unusual quantities of wheat will continue to be used for animal feeding. The amounts so used in this country will be determined not merely by the size of the corn crop, the oats and barley crops, but by the wheat reserves themselves, and also the quantities which can be imported from Canada, limited only by physical conditions and the ability of the railroads to haul it in. Just over 74 million pigs were farrowed last spring and about 53 million are being farrowed this fall, or a total of 127 million heads. This goes beyond the imagination of most people and means that there is almost a hog in this country for every man, woman, and child. We know already that oats and barley will be in smaller supply than last year, and although a big corn crop is forecast, and a large carryover appears imminent, still the drain upon wheat will be tremendous and may finally reduce our supplies to a point at which we may have little to export, in the event that our grain is needed at the Peace Conference.

Mr. Hudson, the British Minister of Agriculture, recently stated in the House of Commons that the most striking fact which emerged from the Hot Springs' Conference, and on which there seemed to be general agreement, was that immediately after the war the world would be faced with a general shortage of food. "Its magnitude," he said, "will depend on the course of the war and the size of the harvests, and, therefore, cannot be estimated today with any precision." It is for this reason that a good many people are skeptical of the policy of feeding our high protein wheat to animals before we can be altogether sure that the world's surpluses are so abundant that we can afford this luxury.

In Canada, the wheat crop for the entire country is estimated to be less than 300 million bu. With larger domestic usage, there seems to be the possibility that Canada may utilize 170 million bu at home, including extra feeding, etc. Furthermore, we might import from 30 to 40 million bu of their wheat for feeding, and this would leave less than 100 million bu for export. So undoubtedly inroads will also be made into their reserve stocks, and in these abnormal times any early forecasts which are made are bound to be awry.

Primary receipts were quite large at 2,335,000 bu, but there was very little pressure from any source. A week ago after the Labor Day holiday, the primary movement amounted to 4,027,000 bu, and last year it was 2,069,000 bu.

A very popular spread has been the purchase of December wheat against sale of May on the theory that carrying charges would be completely wiped out. However, it remains to be seen whether the shortage which may appear next May will have developed sufficiently by December to bring about the results which those who are bullish hope for. In the meantime, our market has been mostly firm, but there has been a rather dull trade, and at the last prices were down 1/4¢ per bu.

Oats were very strong at the opening, and went into new high ground for the nearby deliveries. This also had its effect upon rye, but some profit-taking shaved off early gains, so that final changes were not far from the previous closing level. There continues to be talk at Washington about possible subsidies, and with Congress reconvening nobody can tell what political developments will amount to, but at least caution is necessary until matters pertaining to agriculture are clarified.

There were quite a few rains in the corn belt; they were not particularly wanted, although they do help to prepare the land for winter wheat in some sections which had been too dry.

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CHICAGO 4, Ill. Sept. 15, 1943.

While allied troops have been very hard-pressed at Salerno, it seems that they are at least holding their own under desperate fighting conditions. German troops are still offering stiff opposition on this front, demonstrating to some extent the results of total mobilization which was decreed by Goebbels after the disaster at Stalingrad. However, there is a new and very extensive migration of people all over Europe, especially in Germany, and millions have been moved from the Ruhr-Rhine areas from northwestern towns and from Berli to southern and eastern Germany. The result is that a very large number of workers live in huts or in barracks. Foreign workers employed in Germany number roughly 20% of the adult German population; German agriculture, as well as German armament production is largely maintained by foreign workers. According to an article in the London Economist, the efficiency of foreign workers is comparatively low. The same informant tells us that in the iron and steel industry, production of high grade steel has been sacrificed for inferior grades and the supply position of non-ferrous metals, particularly copper, tin, and even aluminum is very difficult. Also, a shortage of machine tools has been growing for some time, which in the final analysis is bound to make itself felt.

When our market opened this morning it threw aside news from Europe, which had been a factor yesterday, and heeded more domestic developments. At Washington discussions point to the fact that distillers may be permitted to build up their stocks of beverage alcohol for a limited period. Since last November, all manufacturing was exclusively for production of industrial alcohol. It is now claimed that 150 million gallons of industrial alcohol is in stock piles alone, and this, together with liquor in the hands of distillers, has created a lack of storage space. Furthermore, an increase in the September crop estimate for corn may have encouraged WPB to become more tolerant, and this immediately started speculation as to whether corn, wheat, or rye might be used for distillation of spirits. Our markets opened somewhat higher, and while trade was not particularly active, there was a very firm undertone. It was encouraged also by persistent talk from Washington that the government stocks of wheat might be reduced to less than 100 million bu by the end of this month. Attention is also attracted to the potentially diminishing corn stocks a year from now, despite the 3-billion-bushel crop, which is almost ready for harvest. It is thought that our carryover one year hence will have been reduced to about 150 million bu, and that similar reductions in stocks of oats and barley will also take place. While there were no particular surprises in these estimates, it did have a somewhat bullish influence for a time, indicating that our big surpluses were drifting quickly into consuming channels. Of course, any estimates made now are on the assumption that our hog and cattle population will be maintained at present levels. There has been some reaction in hog prices since the lower ceiling was announced a week ago, and we have often seen that declining prices accelerate selling activity, particularly in the drought areas of the Eastern Seaboard where feeds have to be imported. Therefore, one cannot be too positive that the full reduction of reserve stocks mentioned for wheat and corn (at this time) will finally find fulfillment.

Weekly crop and weather data showed that frost damage to corn was neither serious nor extensive. Half the Iowa crop is now safe from frost, which is considerably more than normally at this date.

Primary receipts were reasonably good, at 2,449,000 bu compared with 2,352,000 bu last week, and 2,319,000 bu last year. Stocks so far this week at Kansas City and Minneapolis show a total decrease of 778,000 bu.

With the feeding of wheat continuing at a rapid rate, we expect to see fairly sizeable decreases in the visible supply right along, which is all a part of the picture. Wheat values, while firm, did not advance comparable to oats or rye, and at the last a gain of 3/8¢ per bu was registered.

September oats gained on the deferred months, and cash oats are bringing a big premium over the current future.

While corn prices have been kept down owing to the ceiling, the secondary effect on other feedstuffs has been enormous, and consumption of oats is taking place on a tremendous scale.

Rye was very strong, and nobody can tell for sure whether this cereal will be used for whiskey, yet traders are willing to speculate that this may be the case.

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CHICAGO MERCANTILE EX.

Sept. 16, 1943.

Owing to the fact that we shall probably import large quantities of wheat, oats, and barley from Canada for feeding purposes, we think it is timely to review the Canadian situation with respect to supplies, realizing full well that the amounts which we can bring down will depend very largely upon transportation, plus considerable manpower difficulties. Between now and about December 10th, fairly sizeable shipments may be made by water, but later on when we have to depend upon rail transportation, the difficulties will naturally increase. Taking wheat as a starting point, it is interesting to note that, despite a near failure, with the crop estimated at only 296 million bu, total supplies in Canada on August 1st amounted to 897 million bu compared with last year's record of 1,016 million bu. This, of course, was due to the fact that they carried over 601 1/2 million bu, which was the largest quantity ever taken from one crop season to the next, and in ordinary times was equivalent to nearly five years' domestic consumption. The trade may be interested to know that exports last season amounted to about 218 million bu, while the domestic disappearance accounted for 162 million bu. In coarse grains the situation is very optimistic from our point of view, as the following tabulation will show:

	OATS		BARLEY	
	1943-44	1942-43	1943-44	1942-43
Carryover July 31-	149,324,136	28,608,188	69,253,707	10,821,462
Crop -All Canada	499,609,000	651,954,000	222,655,000	259,156,000
TOTAL SUPPLIES	648,933,136	680,562,188	291,908,707	269,977,462

Credit is due to Sanford Evans for the data and statistics just summarized.

From the above it is quite evident that even with larger Canadian feeding operations possible, we shall be able to draw very heavily upon their oat stocks, and the same refers to barley, as well. There has been some improvement in the manpower situation, and one of our good friends at Winnipeg expects to see more grain loaded from country points during the next ninety days than during the past summer. It is also anticipated that a large demand for late October, November, and early December shipment will arise to meet current sales to fill Eastern storage, which refers mainly to wheat, and then in addition to that there will be some grain diverted to winter storage. This is undoubtedly the reason for the relative strength in Winnipeg October wheat as contrasted to later deliveries, but we feel that when the nearby positions are so strong that it is a bullish rather than a bearish argument, and it occurs to us that May wheat at Winnipeg is good property, particularly when the 10% for Canadian exchange is deducted from the price, which still makes the wheat at Winnipeg very cheap compared to ours. A good many people have hesitated to arbitrage the two markets for the very good reason that we have an import quota of 795,000 bu, where wheat is brought into this country for milling purposes. Thus in addition to the 42¢ a bu import tariff, our farmers are given the further protection against grain being shipped in for human food. As to the feeding requirements, this is handled differently, and the CCC has been an active buyer in order to augment their own diminishing supplies. The Canadian rye situation would probably be a fairly strong one if dependent solely upon the amount which was raised this year. The crop is officially estimated at 8 1/2 million bu. However, the carryover, which was in excess of 15 million bu brings total supplies to 23 3/4 million bu compared to slightly over 29 million bu a year ago. This also presents a probability of imports to United States should the freight situation accommodate such business.

WPB ruled against any relaxation in the whiskey program for the distillers, and it now seems unlikely that any beverage alcohol will be permitted even in the early months of 1944. This had a slightly bearish influence on rye futures at the opening owing to the fact that recent bullish activity had developed on the hope that a change was imminent. However, the long lines which are being held here were undisturbed, and as a result no material weakness set in.

Later in the session September and December rye became very strong, and it is apparent that the large cash holdings by certain interests are having a marked effect upon values. Wheat prices rose fractionally, and carrying charges are being reduced owing to the fact that cash wheat in all markets is in good demand. Heavy feeding is beginning to have its influence, even at a time when the primary

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CHICAGO 4, Ill.

Sept. 17, 1943

The news from Italy was the best in some days, and the Allied 5th Army has crushed three more German counterattacks, rolling the enemy about eleven miles from the Salerno beaches. With the British and Yanks joining forces, General Eisenhower gave a rather optimistic communique from his headquarters, emphasizing that we had beaten the best the Nazis could offer and were ready to go on. The President warned of a long, hard war ahead, but promised that victory over Germany and Japan would be ours and that this must be done before there could be any real assurance of future peace. As we view the situation, it is highly important that Allied victories have taken place. Apparently, the Germans are too busy fighting to remove the spoils of war from that country, as was the case in Africa. The fruits of harvest are just being felt, and Italy, despite the war, has produced a wheat crop this year which is believed to have been fully as large, or even larger, than the pre-war average. It is difficult to get all the facts, but based on weather and crop reports generally good yields are indicated. On the reports of increased acreages compared with last year, the present wheat crop may be as large as 280 million bu vs. the unofficial estimate last year of 268 million bu from the 13 million acres sown. An average crop in Italy in the years 1933-37 amounted to 267 million bu on a sown acreage of approximately 12 1/2 million acres. It would, of course, have been a catastrophe if this grain had been shipped to the Reich, but each day of Allied progress lessens that chance; therefore, the food should be available to the Italian people, and likewise, reduce the burden of our having to take care of a country that we are now attempting to liberate.

When our market opened this morning, prices were quite steady, although there appeard to be some profit taking at Winnipeg, and the latter market reacted sharply from recent highs. The only disadvantageous feature of Winnipeg, as we see it, is that there are so few shorts, and practically everyone who is trading seems to be on the constructive side of the market. Under these circumstances technical reactions are quite likely, but on the other hand the demand for Canadian grain will be large, and it is thought that the CCC today purchased 3 million bu wheat in addition to other grain taken previously. This is undoubtedly being imported into the United States to relieve the feeding situation.

Broomhall points out that North American futures markets have proved their use in time of war and their adaptability to wartime conditions, and he is also confident that this phenomenal vitality will be put to good service in the task of post-war construction. Pointing out that a futures market was never popular with the Canadian farmer, he insists that the producer should recognize the great service which has been performed, for he is receiving a better wartime price for his wheat mainly because of the fact that the futures market is functioning. A year ago wheat was quoted at Winnipeg at a fixed minimum price of 90¢ a bu, while today quotations are 20 to 25¢ a bu higher, and the stock of old-crop wheat in the Dominion is by far the largest that Canada had ever accumulated. If export transactions had been carried out direct by the government of Canada with the governments of the deficiency countries, the argument for a relatively low wheat price based on the actual supply available would have been more likely to prevail.

Primary receipts were 2,063,000 bu compared with 1,916,000 bu last week, and 2,195,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,387,000 bu. Another large shrinkage is indicated for the visible on Monday, while a year ago there was an increase of 306,000 bu.

An OPA order is expected to be released shortly, disclosing details of the red wheat ceiling; the price lid will be about $1.65 per bu basis Chicago. This had very little market influence, and while red wheat is important to those who grind soft wheat flour, the crop as a whole is relatively small. In this respect, it is quite different from the $1.07 ceiling on corn, which forced the bulk of the crop into feeding channels. The CCC in making a symbol of corn undoubtedly is pleased with the fact that price restrictions have been effective, but they cannot overlook the forcing factors which have tended to influence the price of practically every other feed higher. Milo-maize, for example, which generally sells a little under the value of corn, is selling at about $1.45 per bu, or near the price of wheat.

Last wheat prices were a shade higher, but rye and oats were

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DAILY MARKET LETTER

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CHICAGO Sept. 20, 1943.

Last Friday, Secretary Wickard spoke over the radio and told us that a group of men had been meeting in Washington for the past month or so to discuss agricultural problems of the United Nations, and that one representative from each country was present, forty-five persons all told. In telling producers that farmers made up two-thirds of the world's two billion population, and that farming would have to remain if the human race were to exist on this planet, he called attention to the fact that it is against a farmer's instinct to limit production, and that the only reason he has ever done so was because he just could not find a paying market for all that he could produce. Under these circumstances, we inthe grain trede feel that the best opportunities still exist through organized grain exchanges. If many of the burdensome restrictions would be withdrawn and trade were permitted to expand, the whole world would be better off. It has always been a fact that if the market is a free, open, and competitive market it makes the automatic adjustment of production to consumption. The high price which follows a short crop curtails consumption and stimulates production. On the other hand, the low price following a large crop increases consumption and curtails production. Thus, the cure for high prices is high prices, and the cure for low prices is low prices. Consequently, in the open, competitive market a constant adjustment is made co-ordinating consumption to production on the basis of facts and not theories.

When our market opened this morning prices were rather firm, but we had pointed out that while the domestic consumption of wheat will be tremendous, owing to the extra quantities needed for feeding purposes and for distillation, there is another factor which had to be considered: namely, the comparatively small quantities of wheat which are being impounded. A year ago at this time, 144 million bu wheat had been placed under the loan, and this took a great deal of wheat away from the market, but at the present time we find that only 57 1/2 million bu has gone into the loan. Thus, the fact that prices in the Southwest are about 9¢ a bu higher than the government loan level is apparently having the effect of either bringing more wheat into commercial channels or at least is sufficiently tempting to the farmer that he is considering the possible sale of wheat later on. He probably has enough money to do this, inasmuch as the last few years have been sufficiently prosperous so that he does not have to sell his grain at the start of the season. Of course, producers have until December 31st to make up their minds whether they will freeze their grain or sell it, and they must also appreciate that once it goes into the loan and remains there for eight months, the various charges accumulating amount to approximately 13¢ a bu, so that it would finally take a much higher level to redeem the grain, provided it were placed in a terminal elevator. Thus, there is only 49 million bu held in warehouses under the loan at this time, and furthermore, the government holds only 100 million bu wheat that had been previously defaulted for its feeding program. Therefore, there is no immediate scarcity of free wheat, although potentially bullish factors are very likely to arise later on as we cut into our reserves.

Primary receipts were 2,421,000 bu compared with 2,621,000 bu last week, and 3,083,000 bu last year. The visible supply showed a decrease of 4,757,000 bu, which is greatly in excess of a year ago, but shipments of feed wheat and also distilling demand account for the earlier-than-seasonal shrinkage in the visible supply: it now stands at 39 million bu less than the same period of 1942.

Trade was not heavy, and moderate liquidation in grains carried wheat prices down from the best levels of the day, closing 3/8¢ per bu lower.

There was some slight easing in oat premiums today, but they are still several cents above the delivery basis for most grades.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. Sept. 21, 1943.

In july 1942, the carryover of wheat reached a record level of 632 million bu, but was almost matched last July with a reserve stock of 618 million bu. This, together with a better-than-average crop, would undoubtedly have been construed bearish, except for the fact that the Bureau of Agricultural Economics is of the opinion that by July 1944 our reserves will have been reduced to 250 million bu. In coming to this conclusion, they figure on a record wheat disappearance during the current season; not only large quantities that will be consumed for alcohol, but 425 million bu to be fed to animals, making the total domestic usage 1,200 million bu. It is pointed out that the 1943-44 feed sales program, which was authorized by Congress, provides for sales by the CCC at parity prices of corn and without specific quantity limitation. In other words, the amounts consumed are limited only by the amount that was owned by the Corporation, either acquired under the loan program or by purchase. Furthermore, the amounts of foreign wheat that can be brought into this country are limited by shipping facilities, and the question now arises in our minds what will happen when the present owned stocks of the CCC become exhausted. There is about 100 million bu still left under their domination, and they seem to be selling at the rate of 44 million bu a month, indicating what a demand there is with the tight situation in corn and the large number of animals on feed. The total purchases in Canada up to September 11th amounted to less than 14 million bu, and the domestic purchases in the open domestic markets at the loan value or less, together with purchases in the country for bin storage, were only about 8 1/4 million bu. So it can easily be seen that the question of carrying on such an extensive program may meet with difficulties if so much of the wheat still must be acquired in competition with mill buying.

In normal times we grind about 480 million bu wheat at home, but because of larger usage due to the war, it will probably reach 537 million bu this season. Such amounts are purchased by various mills throughout the country through the use of futures markets, also buying a good deal of the grain in the territory adjacent to farms, by purchasing through commission houses at terminal markets, by using brokers throughout the country, and numerous other methods for which machinery has been set up. When the quantities used for feed and for alcohol nearly double the former food requirements, one realizes that even with the large supplies on hand, it is a tremendous undertaking, and possibly we shall have to revise our thoughts as against theoretical calculations. Of the 49 million bu impounded in warehouses for the current season, 38 million bu appears to be under loan in the four Southwestern States:namely, Kansas, Nebraska, Texas, and Oklahoma. Only 3 1/3 milion bu is under loan in North Dakota, and slightly over a million bu in South Dakota, with trivial amounts tied up in Minnesota and Montana, but we believe that as the season progresses the Northwest will freeze a considerable amount of wheat, owing to the fact that prices have been less advantageous to farmers than in the winter wheat areas. As for farm-stored wheat, the percentages just cited apply in about the same proportion.

Primary receipts were slightly over 2,000,000 compared with 2,335,000 bu last week, and 2,456,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 207,000 bu.

The wheat market was rather firm during most of the session. There was no particular feature, but even with fairly good receipts Northwest, there does not seem to be much pressure anywhere. Final prices were 1/4¢ per bu higher.

September oats maintained a big premium over later months, and the fact that corn is so scarce, there is naturally a bigger consumption of oats right on farms.

Some reaction in rye took place. We do not find any improvement on part of distillers, or for feeding, and under the circumstances it requires speculative buying right along to maintain values.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

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141 W. JACKSON BLVD.

MEMBERS:
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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO 4,Ill. Sept. 22, 1943.

Considering our various food problems, some interesting changes have taken place in recent years, and it is rather fortunate that victory gardens have been so successful in order to relieve the strain in other lines. In Illinois, for instance, there are about a million such gardens that were cultivated this summer; taking the country as a whole, 20 million gardens, most of them small individually but in the aggregate this has been very important for the nation, as it comprised 4 million acres which otherwise would not have been cultivated. The total yield of about 8 million tons of food when translated into terms of bushels to which our readers may be more accustomed, suggests that about 300 million bu extra food has thus been raised. In various other lines we still have large supplies, but the shortages which are currently reported are due in large part to the sizeable amounts needed by our military forces, also Lend-Lease requirements, and other special needs. We are giving below the total estimated supplies of various commodities together with the percentage which will be permitted to our civilian population:

	TOTAL SUPPLY		SHARE FOR CIVILIANS.
Meats	23,283,200,000	lbs	63.1%
Butter	2,127,600,000	"	78.5
Edible Fats & Oils	6,052,700,000	"	65.4
Canned Fish	723,500,000	"	46.7
White Potatoes	20,447,300,000	"	81.4
Canned Vegetables	262,538,000	cases	68.6
Eggs-Shell equivalent	4,965,200,000	dozen	71.8
Canned Fruits & Juices	61,136,000	cases	53.3
Citrus Fruits	13,030,900,000	lbs	74.2

When our market opened this morning, prices for wheat and rye were barely steady, and for the moment we appear to be in a rut, owing to the fact that it takes time to eat into our reserve stocks. There appears to be plenty of free wheat circulating at this time, so that millers and processors are not having difficulty in obtaining their requirements. The trade seems fully cognizant of this situation; therefore, the open interest is not increasing to any extent, having remained at the 50-million-bushel mark for some time. With both speculative and actual demand for wheat so light one can easily understand that markets do not fluctuate more, but of course, this is apt to change as soon as the demand from terminal markets improves, hedges are taken out of the pits, and visible supply stocks are reduced to smaller proportions. In the meantime, there seems to be very little pressure, although the September future today lagged, also indicating that there was no great urgency to buy cash wheat. This caused some selling, although we believe that the volume was not particularly large, but probably better than yesterday when only 3 1/2 million bu were traded in the entire pit.

It still remains very dry in many parts of the Southwest, and fall work is retarded in many sections of the middle and southern plains, as well as in some parts of the middle Atlantic States. In the more northern States, and eastern Rocky Mountain regions both wheat and rye seeding has become quite general, and we believe that with present prices and the larger acreage tolerated by the government that there is a general desire on part of producers to plant their full allotment.

Primary receipts were somewhatsmaller at 1,706,000 bu compared with 2,449,000 bu last week, and 2,508,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 582,000 bu.

As stated before, there was no great feature to the wheat market, although at the last September wheat traded at 1¢ under the December, and this liquidation led the deferred futures to a close of 3/8¢ per bu under the previous close.

Oats were quite strong early owing to the upturn in September, but best prices of the day were not maintained.

There seemed to be some profit-taking in rye, and as yet we have not discovered any improvement in actual demand.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. Sept. 23, 1943.

During the past fifty years, there have been fifteen Royal Commissions charged to make exhaustive investigations into the operations of the Canadian grain trade and of the facilities provided by the Winnipeg Grain Exchange. The findings were always such that futures trading was encouraged because of the fact that the largest percentage of each year's wheat crop of Western Canada actually passed through Winnipeg to its delivery base at the head of the lakes, and the sale or purchase of practically every bushel passed through the medium of the wheat futures market. There are thousands of traders of all kinds, not only in Canada, but from all over the world who express in the futures market their opinion on the value of Canadian wheat, not from an academic or theoretical standpoint, but by backing these opinions in actual trading. As was pointed out by Mr. Mathieson, a former President of the Winnipeg Grain Exchange, "The mass opinion is a more democratic form of expression than is the election of members to a Dominion Parliament, and it constitutes a very real yardstick for establishing values, a barometer which responds sensitively, quickly, and accurately to world conditions."

We are mentioning all this in connection with a report which emanated from Ottawa to the effect that futures trading in wheat might be terminated owing to fears that grain might reach fabulous levels, as was the case during the first World War. From point of view of an agricultural country in which farming is essentially the life of people in the Prairie Provinces, whose very existence depends upon their ability to market crops at reasonable levels, any investigation at this time seems wholly perfunctory. Winnipeg May wheat at $1.15 Canadian funds represents a return of about $1.03 1/2 per bu in our money for wheat delivered at Fort William or Port Arthur, or about 86¢ on the farm. Considering that prices twenty-five years ago rose to the $3.00 level, we can see very little comparison between the two periods. Furthermore, it is our belief that any action that might be taken at this time would be premature and we hardly expect that when for the first time in years producers are benefiting from the increased demand, moves will be undertaken to prevent them from getting a slightly better return than during the depression years.

Since August 1st shipments of wheat from Canada to the United States have been slightly less than 18 million bu. This was not all for feed, as part of the wheat at least may be ground in bond and may again be exported. However, 7 3/4 million bu oats, which we have taken from Canada during the same period, and 6 million bu barley, are primarily to augment our supplies for feeding purposes, and at this rate we might import close to 200 million bu of all grain during the year. However, there will be a period of 4 1/2 months when navigation is closed, and, therefore, this estimate must be considerably reduced unless rail transportation can make up the difference. This hardly seems likely under existing conditions. Our own exports of wheat and flour in eleven weeks have amounted to approximately 9 1/2 million bu, and even though we are importing from Canada, there was some demand under subsidy from Mexico, Central American countries, as well as shipments for Lend-Lease and food for our own soldiers.

Primary receipts were 1,710,000 bu compared with 1,685,000 bu last week, and 2,157,000 bu last year. Kansas City stocks so far this week show a decrease of 648,000 bu.

There were very good rains in Kansas, extending up into Nebraska, which will give considerable relief to the dry soil condition. Despite this and a break in Winnipeg, our market never became very weak. In the latter part of the session Winnipeg had quite a good recovery, and it is believed that there is no great danger of that market being closed. Final price on our December wheat was 1/4¢ per bu lower, and 1/8¢ higher on May.

The cash premiums on oats were well maintained, and buying in the spot market was by commercial interests. There was little interest in rye with unimportant fluctuations.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill.

September 24, 1943

A good deal has been written about food but very little about drink, which is also an outstanding item in the nation's diet. Soft drinks, like confections or light snacks, have greatly lifted the morale of people working in war plants, as well as that of front-line fighting men. In our factories, the short mid-morning or mid-afternoon break for refreshments has assumed such importance that the quantity actually needed by civilians is about double the supply, and, of course, little chance of changing this until the war is ended. Including orders for the Army and Navy, manufacturers are currently producing about 85% of the quantity of soft drinks produced in 1941, which was the peak year in manufacturing. There are 6,300 soft drink bottling plants spread out over about 3,000 towns and cities, and this is in addition to the syrup which is sold, and which is carbonated at drug stores and restaurants to serve similar purposes. In recent weeks, with the easing of sugar quotas, one of the most difficult problems has been overcome, and most industrial users may now obtain 80% as much sugar as they used in their base-quota period, or an increase of about 10% over recent allotments.

Turning to grain markets, there was very little in the overnight news, but some disappointment in that rains which had been forecast had failed to develop, although as we understand it fair relief was had in Kansas, although the western sections were mostly skipped. Nevertheless, there seems to be ample time yet for fall seeding, and thus there is no great anxiety at this time. First prices were somewhat higher, but there seemed to be no general improvement in the volume, and while milling business is rather spasmodic, there continues to be a good demand on part of distillers. From point of view of feeding, we believe that more hogs and more animals will gradually be liquidated, especially in the areas where feeds are deficient. According to WFA, taking the States of Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa and Nebraska, the number of cattle and calves sent into those areas for feeding or for "finishing-up purposes" was 28% smaller during July and August than last year, and likewise 15% less sheep and lambs were sent into those States for the same purpose, thus indicating that while the population of animals has been very large, feeding operations may gradually be on a reduced basis.

There was nothing further from Winnipeg, but the dispatch from Ottawa yesterday may have been more journalistic imagination than reality, but nevertheless, a fair amount of liquidation has already occurred because of this scare, and it may take a little time yet for confidence to be restored.

Some frost had been forecast for the corn belt, but apparently the temperatures did not get as low as had been expected, and the chances are that for the next few days thermometer readings will be somewhat higher. It may take another two weeks or so before the greater part of the corn belt is completely out of danger, although even in Iowa 70% of the crop is already reported safe.

Primary receipts amounted to 1,726,000 bu compared with 2,063,000 last week and 1,996,000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,290,000 bu. We are bound to have a fairly good shrinkage in the visible supply on Monday, whereas a year ago it increased 1,436,000 bu.

Thus it can be seen that with the demand from distillers and the government selling wheat for feed, we are gradually making inroads into our accumulations, and this may tell the story later on, but in the meantime there is great indifference, and the open interest is about static. Final prices were 5/8¢ a bu higher for December wheat, which gained on the deferred months.

Oats and rye also sympathized with higher wheat prices. Premiums in oats are maintained, and one car today sold at 9¢ over the December future, which is a record for many years. This is largely a reflection of the scarcity if corn, which has been created by holding prices below their merit, and many other similar distortions have occurred.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill.

September 27, 1943

There was very little grain news over the week-end, but according to a dispatch from Winnipeg, there is still some concern as to whether the Dominion government will insist on closing the Winnipeg Grain Exchange. It seems that Wheat Board members were summoned hurriedly to Ottawa for discussions, but apparently others construed the news as we did: namely, that it is a roseate fantasy to conclude that the elimination of futures trading will prevent prices from reaching their true levels. Unfortunately, this is a strange confusion of cause and effect. It would be just as illogical to claim that because there are many hospitals and ambulances that there must necessarily be much sickness. Economists have pointed out that men speculate because prices fluctuate, but even if all the speculators in the world were dead, prices would still fluctuate. We have a great many commodities in which there is no speculation at all, and yet there is price fluctuation; as for example, government bonds. There is stamped on the face of these bonds in very plain figures just what the amount represents, and at what date they will mature. Yet, the price fluctuates from day to day, and we feel certain that cash grain at Winnipeg would reflect supply and demand conditions, although possibly in a more chaotic way if trading on the exchange terminated.

Our market was rather firm at the start and the trade has in mind that the large usage of wheat during the current season is the fundamental issue. Cash wheat has been bringing fair premiums in most markets and at Minneapolis whenever the prices dipped under the loan level, the CCC was observed taking grain for feeding purposes. Country movement of wheat to Chicago is light, although Minneapolis December wheat remains at a discount of about 8¢ a bu under us, so that possibly more grain will be brought here from the Northwest before delivery time. Good harvesting weather in spring wheat areas was reported last week, so that threshing and combining are near completion in the Dakotas. Unfortunately, there has not been sufficient relief yet in many parts of the Southwest with the result that seeding has been retarded, and the same is also true in parts of the Middle Atlantic States. However, there is time yet to get wheat into the ground, if there is a change for the better within the next few weeks.

There is still opposition to subsidies on part of the Farm Bloc in order to keep retail food prices down. Regardless of this it is felt certain that rather than to permit milk prices to advance for the consumer, government funds will be expended, and this experiment may be a criterion for other commodities at a later period. It was disclosed ove the week-end that Mr. Jones, WFA Administrator, proposes to ask Congress shortly to double the present $500 million borrowing authority of the CCC, and to extend its life eighteen months beyond December 31 of this year. The program contemplates the use of CCC funds for price supporting and for crop loans to cover losses where the government re-sells various commodities at lower than cost.

Primary receipts of 2,099,000 bu compared with 2,421,000 bu last week, and 2,473,000 bu last year. There was a very heavy decrease in the visible supply of wheat, amounting to 5,740,000 bu, leaving 173 million bu of wheat in all positions. This is 46 million bu less than last year, and reflects the heavy feeding program. At Chicago stocks were diminished by 554,000 bu, leaving 9 1/4 million bu at this market.

Prices for wheat were firm, influenced by new highs for the season in oats. Also a very firm market at Winnipeg after mid-session when a message from Ottawa disclosed the fact that the Dominion government desired to keep the Winnipeg Exchange open. It was stated that such action had been requested by the British government since the start of the war. At the same time Canada wants to devise regulations providing for effective control over rising prices. At the last our market was unchanged.

Rye was firm. There was a small shrinkage in the visible stocks, but it is generally felt that if empty cars could be secured in larger numbers for the Northwest that the movement from the country would improve.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

Sept. 28, 1943.

Cessation of wheat trading in Canada came as a surprise and a shock to most people in this country. We doubt whether the average person can properly evaulate what a continuous market means to the man who has something to sell. It is impossible to state it in definite terms. If anyone has been called on suddenly to sell a team of horses, or a house and lot, or a farm; in other words, things for which there are no organized exchanges, he can doubtless appreciate both the promptness and the definiteness of organized exchange prices. With this in mind, we were at a loss to understand why Mr. MacKinnon, Trade Commissioner of Canada, has taken such a drastic step. The advantage which the futures market brought to elevator companies and to all organizations connected with the entire wheat industry, not to speak of the benefits to the farmer, would be difficult to enumerate. Canada may well be proud that grain trading had been established on such a basis that there was always a true index of values, and this enabled export concerns to function efficiently and promptly. The importance of such a focal center where buyers and sellers are able to meet has proved fundamental through the ages in many and various forms of merchandising. The immediate effect of their action was to give us a higher market and undoubtedly much of the speculation which had been attracted to Winnipeg because of comparative cheapness, was transferred to our wheat pit, with the result that this, together with the undoing of spreads, gave us a sharply higher opening. It is generally felt that if higher prices are warranted little can be accomplished by throwing away the thermometer in the hope of checking the fever.

However, it must also be understood that the bulk of the trade which went from this country to Canada was on the constructive side of the market, for the obvious reason that even with the tremendous carryover, conditions favored bullish operations with the expansion in the demand. For that reason a good deal of money was being drawn down from Canada and sent to this country at the prevailing discount for their funds. While there might be certain objections to sending money out of Canada, it must have been more than offset by the increased value of the grain, which was helping Canadian agriculture. We feel that in the long run prices could have been held better in check had the Wheat Board hedged some of its holdings from previous crops instead of closing the entire market. For the further effect on Chicago, it may to some extent eliminate the chances for runaway prices. In other words, we assume that a ceiling will be established in Canada not far from present levels, and thus imports for feeding should continue uninterruptedly.

From what we are told imports of molasses at gulf ports have been very large in recent weeks, even to the extent that storage space is becoming congested. This may finally have some influence upon our industrial alcohol situation. Before the war most plants had been designed for production only from molasses. The submarines changed things for a time when an important tanker cargo was sunk near Puerto Rico. Of course, our pre-war production of 120 to 150 million gallons annually has been stepped up four and one-half times, which has complicated the industry to the extent that while the war lasts a certain amount of grain will always be needed.

Primary receipts of 1,807,000 bu compared with 2 million bu last week, and 2,286,000 last year. Kansas City stocks for one day decreased 18,000 bu.

Aside from the excitement at Winnipeg, the House Agricultural Committee approved a bill today to place a parity of 100% floor on basic farm commodities. The present government loan price varies from 85 to 90%. Such action, while possibly never enacted into law, gave us a very strong market for a time, with prices reaching the best levels in months. At the last our wheat was 1 1/4 to 2 3/8¢ per bu higher than yesterday. Other commodities also advanced, particularly rye, which was influenced by the great strength at Winnipeg. The latter market at one time was 7¢ per bu higher, but best prices were not maintained, as there apparently was considerable profit-taking. The carrying charge here from December to May widened fractionally.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill.

Sept. 29, 1943.

After a comparatively active market yesterday, with nearly 19 million bu wheat traded in the pit, it was rather quiet here, but prices were very firm, and the trade is impressed with the fact that the Farm Bloc has demanded 100% loans for basic products, which if enacted into law could mean that a large percentage of the wheat next season would become impounded. It might also give us a more or less stabilized price, particularly if we get satisfactory yields next summer and the crops turn out well on an improved acreage. Much, of course, could happen in the interim. For one thing, the war might end, and this would probably change any calculations made at this time. Of course, by Act of Congress the loans will be effective for two years after cessation of hostilities, and for that reason we are very apt to have a much higher price level here than in the other surplus countries. For the next few weeks there is likely to be all kinds of political news from Washington, and before long, the President is expected to send a message to Congress in support of a substantially increased subsidy program to force back the cost of living. This is probably one of the reasons that flour ceilings have not been lifted, despite the squeezing that is at present taking place. The Chief Executive may also make a speech to the nation dealing with the domestic front, and it is thought that he wants to strengthen the hand of the OPA.

With such conflicting factors, it is not too easy to have strong convictions at this time. In corn, there was also some news, owing to the fact that WFA had renewed its agreement to pay farmers in Illinois, Iowa, eastern Nebraska, eastern South Dakota, and southern Minnesota the difference between the ceiling price which they receive for corn sold between September 28th and October 31st, and any rise in price before November 30th. The last time such a guarantee was in force, the movement from the country was considerably larger. With the government virtually out of its holdings of corn, yesterday's late action probably was deemed necessary, and any local elevators purchasing corn under this program will be required to sell 80% of their supply to designated industrial users. It has been said that unless the corn marketings would increase substantially next month, many of the corn processors would be hampered in their effort to supply products to the war industries. This announcement had a somewhat bearish effect upon oats and barley, the latter grains having been stimulated in recent weeks because of tightness of cash corn.

From Sanford Evans, we quote the following: "In order to save the long haul from Canada to Mexico, the Commodity Credit Corporation has arranged to supply Mexico with about 12 million bushels of wheat located at American southwestern Gulf ports, and the CCC in turn will import a corresponding amount of Canadian wheat to distribute it to the deficiency areas of the eastern and northeastern part of the United States. This is believed to be the first time in the history of grain operations that such an arrangement has been worked out."

Primary receipts amounted to 1,566,000 bu compared with 1,706,000 bu last week, and 2,096,000 bu last year. Kansas City stocks so far this week show a decrease of 228,000 bu, and Minneapolis 415,000 bu.

Strength at Minneapolis, particularly in the May future, which went to a larger premium over December, caused some buying here, and it was claimed that a better milling demand had taken place. Hedges also were taken out of this market, with the result that final prices were about 1 1/4¢ per bu higher.

While attention is mostly directed to domestic affairs, we want to call attention to the fact that the first estimate of Argentine sown acreage shows a slight increase in wheat, and a marked increase in oats and rye as compared with a year ago. Crop conditions are reported to be generally satisfactory throughout the country. In view of these factors, more attention undoubtedly will be directed to the progress of the crops in the Southern Hemisphere.

Rye was reasonably strong; there was no special feature, but the trade which had expanded materially yesterday was also on a smaller scale during today's session.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO 4,Ill. Sept. 30, 1943.

Parity prices were announced late yesterday but the September figures showed no change from the previous month. The over-all demand for farm products is expected to average somewhat higher in 1944 than in 1943, but the rate of increase from now on will be much slower than during the last three years. Generally speaking farmers seem very well satisfied with their status. It is true that farm wage rates have risen rapidly during the past year or two, and in the second quarter of 1943, the index reached and exceeded the record high for the past twenty-three years. The previous high was during 1920, following World War 1, which was a boom period. However, the producers are receiving a very good return, and their prices will average 20 to 22% above 1942. In spite of the fact that maximum prices have been established for a good many agricultural products, the demand has been sufficiently vigorous to maintain prices at or near the ceiling levels. The BAE figures that partly because of adjustments in loan rates, support prices, and price ceilings, the farmer's returns will still increase to a limited degree from present levels.

When our market opened this morning, there was very little to guide it. There had been further rains in the Southwest, but they were limited mostly to southeastern sections of Kansas and to eastern and central parts of Oklahoma. Nevertheless, it is not too late for relief, and we are told that there is an urgent desire to plant the larger allotted wheat acreages if weather is at all propitious. During the day a heavy rain was reported at Amarillo, Texas.

In the meantime, sales of Canadian feed wheat into this country have been substantially greater than most people had figured. Approximately 22 1/2 million bu wheat has been shipped into this country on CCC commitments, while the total purchases from Canada have amounted to about 30 million bu. The lag, of course, is due to transportation difficulties. The domestic purchases have totaled 9 1/4 million bu through September 18th, and with these disclosures it has also been stated that the total government holdings amount to 129 million bu, which is somewhat greater than the estimate with which we were furnished a week or two ago. On the other side of the picture we have the demand, with sales running better than a million bu a day, and therefore, even the present stock of wheat will not last indefinitely, although replenishments from Canada will be a help, particularly since fourteen boats have been recently assigned to Great Lakes' grain shipments, according to advices from WFA.

There seemed to have been a little further flour business overnight, with hedges removed both here and at outside points, but generally speaking important flour business is slow to materialize, and buyers lack confidence. This is only natural in view of the flour ceiling. The Northwest Miller claims that sales slumped to 44% of capacity last week as against 62% in the previous week, and 93% a year ago. This situation refers to the Southwest.

Primary receipts of 1,381,000 bu compared with 1,710,000 bu last week, and 1,763,000 bu last year Kansas City and Minneapolis stocks so far this week show a total decrease of 940,000 bu.

After some buying early in the day the market eased, and there was no special pressure, but rains which were reported in parts of Oklahoma and Texas had a little influence, as did also the weakness in oats and in rye. The latter grains had been bulled for such a long period that reactions were not at all unexpected, particularly in oats where some selling undoubtedly occurred because of better bookings of corn from the country. At Chicago the corn-hog ratio now stands at 14.0 compared with 13.7 last week, and 17.7 a year ago. Feed manufacturers are finding it increasingly difficult to secure ample supplies for their current requirements.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO 4, Ill.

Oct. 1, 1943.

It is rather difficult to conceive why a country like Canada should be alarmed over the possibility of excessively high prices, even assuming that the recent demand for her wheat has improved to some extent. Taking the crop and carryover of 897 million bu, it was somewhat smaller than the record supplies a year ago, but yet compares very favorably with any other year in Canada's history. Last season there was an unusually heavy domestic utilization, the total amounting to 166 million bu, including 89 million bu which was fed, 22 million bu for seed, 50 million bu for ordinary home consumption, and possibly 5 million bu for the manufacture of alcohol. Granting that the same quantities will be needed during the current season it would still leave 731 million bu for export and next carryover, which is a very sizeable quantity, especially when considering that Britain is about the only European country which can take Canada's grain in any quantity.

For months past little has been heard of export business from Australia in either wheat or flour, but recently the volume of trade increased, and the British government has since entered into negotiations for the sale of an additional 500,000 tons. It is thought possible that more ships will now be available for the longer sea journeys, or possibly the increased business may be connected with higher allied military policy in speeding up the tempo of the war in the Pacific. As Broomhall points out, boats sent to Australia with munitions of war are available for the transportation of Australian food on the return journey.

During the past week exports of wheat and flour from Canada have amounted to about 5 1/2 million bu. This takes into account the shipments of feed wheat to this country. Without trying to maximize the quantities which we might import from our Northern neighbor, it is probably safe to say that with our own feeding situation we could probably take much greater quantities if transportation facilities were more favorable. In addition to the wheat we have imported from Canada, we have also taken 9 3/4 million bu oats, and during the past two weeks business has been at the rate of 1 3/4 million bu weekly, but, of course, after the 10th of December when lake navigation closes, we shall have to rely solely upon rail tonnage, which is bound to cut the business down materially, and at the present time only about one-third as much is coming here by train shipment as compared with boat shipment. Our barley imports from Canada have also been quite sizeable, amounting to 6 1/2 million bu since the 1st of August, so that taking the three grains together, we have helped ourselves to the extent of getting about 37 million bu of grain, which will augment deficiencies in our own situation, because of the tremendous numbers of cattle and hogs on feed. Despite the fact that prices in this country have ruled so much higher than competition, we have exported 10 million bu wheat since the 1st of July, although undoubtedly some of this business had been contracted weeks back, and probably could not be accomplished except for the subsidies which the government previously granted.

Up to the present writing total CCC loans have been made on 100 million bu less than was the case last year same date. Of the 64 million bu now impounded, well over half the wheat is frozen in the three States of Kansas, Oklahoma, and Texas. The Northwest has been somewhat slow in taking advantage of the loan, despite the fact that prices were relatively cheaper there than in other sections of the country. There is ample time yet for the farmer to take on these loans, but in any case it looks very much as though the program would fall far behind last year's record pace.

Primary receipts were 1,615,000 bu versus 1,726,000 bu last week, and 2,060,000 bu last year. Kansas City and Minneapolis stocks so far this week decreased 1,321,000 bu, again indicating a sizeable decrease in the visible supply this week as compared with last year, when it was still increasing.

Some milling business and speculative buying gave a better tone to futures, with the market closing 3/8¢ higher.

The country sold 85,000 bu corn to Chicago, but this is entirely inadequate for demands, and seems to emphasize the strong feed grain situation.

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CHICAGO MERCANTILE EX.

CHICAGO Oct. 4, 1943.

The President at his press conference last Friday said that he would decide over the week-end when to send a food message to Congress. The writing of such a message had not yet been started, but he intimated that there were ten or fifteen suggestions under consideration. This naturally makes it rather difficult to have concrete views, although most people have in mind that his policy will be along the lines of attempting to hold prices within bounds, and practically everything which has been done recently was in that direction. In other words, there was no deviation from the original corn order, and despite the fact that there were great maladjustments in distribution, no upward price change was ever granted, regardless of the fact that hog prices held strong. Great efforts were made to bring in larger quantities of wheat, oats and barley from Canada for feeding purposes, and it was announced today that the Commodity Credit Corporation had started to buy feed grains in the Argentine, although the amounts were undisclosed. These purchases of wheat and barley were the first that had been made from that country. Nobody knows at this time whether the amounts will be large or small, nor when shipment will be made. However the announcement that imports from that country had started caused some weakness in our market today, although selling was not heavy.

Seeding of winter wheat is in full swing but has been retarded in some localities because of dry soil, and this is especially true in the Western Plains area. According to the WFA weekly letter, most of it is seeded in the Northern States, with half to three-quarters in western Kansas. Some fields of early sown wheat are green but need rain in many sections, especially in the west, while Iowa reports that some is dying. Some was planted in dry soil in sections of the Southern Plains, in the hope of relieving the critical pasture shortage. There were a number of good rains in the latter part of last week but over the week-end it was mainly dry, and a few frosts were reported in the Northwest, but this seemed to have done little damage to the corn crop, which is maturing rapidly, with a large percentage now safe from frost. In Illinois favorable curing weather has been beneficial but some of the late planted corn might still be damaged if freezing tempratures set in.

Primaries amounted to 2,226,000 bu compared with 2,099,000 bu last week, and 2,865,000 bu last year. When the visible supply of wheat was posted it showed a heavy shrinkage of about 4 3/4 million bu, leaving total stocks in all positions 168 1/4 million bu, which is 52 million bu smaller than a year ago same date. At Chicago there was a decrease of 210,000 bu, but this still leaves slightly over 9 million bu in store here.

Today's market was reactionary, and the trade was influenced both by fears of subsidies and news of possible Argentine imports. The latest estimate places the reserve wheat for fuel in the Argentine at 73 1/2 million bu, and for feed at 18 1/2 million bu, due largely to the shortage of corn. However, in spite of this fact, there is still an exportable surplus of about 133 million bu in that country, according to Broomhall. The visible supply of wheat in chief ports stands at 63 million bu compared with only 33 million bu last year. On this basis, one might figure that we could draw heavily upon their reserves, but yet it hardly seems likely that there will be boats enough to bring up the large quantities of wheat and barley which might be needed for feeding in this country, and we doubt whether more than 5 to 10 million bu can be secured from that source in the coming months.

Minneapolis futures led the decline, and there seemed to be less buying in this market from Winnipeg sources; therefore, we must assume that the spreads which had existed, or hedges against Canadian grain which had been placed here must have been pretty well evened up. Final prices here were 3/4¢ per bu lower.

There was also a less bullish feeling in oats and in rye. The latter we can explain owing to the slow commercial demand; there were about 155,000 ~~million~~ bu of soybeans booked to this market from the country, and up to the present writing about 110,000 bu of corn. This is more liberal than anything we have had recently.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. Oct. 5, 1943.

The trade is still speculating on the food and inflation program that may be announced shortly by the Chief Executive, and it is really very fortunate that our farm production has held up so well during the war. Quite true, grave misgivings have been voiced in certain quarters, and a great deal of publicity was given to Mr. Bromfield some weeks ago, but the fact of the matter is that the harvested acreage of food crops will probably be 3% larger than in 1942, and very close to the all-time peak of 1932. If might also be stated that the demand is very great, particularly for Lend-Lease and for the armed forces, and had it not been for rationing, our home consumption would undoubtedly have increased, but by ordinary standards this year's production will go down in history as having been very large. Record-breaking production will include such basically important foodstuffs, as potatoes, peanuts, rice, dry beans, field peas , citrus fruits, chickens, and eggs. Despite the shortages about which we have heard so many complaints, the total production of animal products is expected to exceed the big output of 1942 by 10%. Nevertheless, a wartime menu is being planned, and the new diet places emphasis on the so-called energy and direct consumption foods, with the result that more grains will be eaten by human beings as bread and cereals and less by farm animals, the planners having in mind that the latter is too roundabout and wasteful at a time like this.

When our market opened this morning prices were rather firm. There had been a better milling demand overnight, and possibly some orders were also placed for Army or Navy use. On the other side of the picture there was very little pressure, and after several days of great indifference moderate advances were easily scored.

We presume that one of the reasons that the market has not responded more to the tremendous feeding program is that we still have large amounts of wheat potentially for sale and less is going into the loan than for the corresponding period last year. As of September 25th, the CCC has shown that 71 million bu of wheat were impounded, while in 1942, same date, 187 million bu had been frozen. Thus, with a comparatively high price level, either more wheat is being held for regular marketing channels or else the producers figure that there is ample time to avail themselves of the loan at a later date. For the four important northwest States, comprising North Dakota, South Dakota, Minnesota, and Montana, only 13 million bu has thus far been impounded, while for Kansas, Oklahoma, Texas, and Nebraska nearly 49 million bu is under government seal. In Washington and Oregon only about 2 1/2 million bu is involved, and we are quite confident that the total showing will be far under the actual figures reported the season earlier. Some buying of oats and rye may have resulted from a news dispatch from Washington, claiming that feed mixers will not be allowed to buy feed wheat from the CCC unless such wheat is used in feed for dairy cows and laying hens. Whether this will stimulate feeding of substitute grains remains to be seen. We still believe that there must be some liquidation of the animal population, even granting that a 3 billion bushel corn crop is in prospect.

Primary receipts amounted to 2,138,000 bu compared with 1,807,000 bu last week, and 2,109,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 392,000 bu.

Very little attention was paid to the proposal to import further quantities of feed wheat from Argentina. The CCC has asked for bids on an additional 1 1/2 million bu for dairy and poultry farms in deficit livestock feeding areas. They also say they purchased 582,000 bu of such grain in recent days, but these quantities are small in comparison with our requirements.

Final prices were about 3/4 to 1¢ per bu higher, December wheat gaining slightly on the deferred months.

Oats and rye also advanced; buying was not particularly spirited but yet constant enough to make itself felt. Weather remains good for maturing of corn and beans; no overnight frosts had been reported, and if anything a little warmer weather seems to be in sight.

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CHICAGO MERCANTILE EX.

CHICAGO 4,Ill. Oct. 6,1943.

There appears to be more opposition to subsidies, and the attorney for the National Council of Farmer Cooperatives told the House Banking and Currency Committee that they were unalterably opposed to the program as a substitute for necessary prices in the market. They were in favor of support prices at levels sufficient to insure necessary production but felt that ceiling prices should be high enough to assure adequate crops. Other agencies are also leaning in the same direction, urging that "the present trend of ever-increasing federal subsidies be curbed, and that no new types of grants-in-aid be approved by Congress except upon unquestioned proof that they are essential and sound." Nobody can tell for sure how this controversy will end, but there are still many administration-backers determined to "hold the line" on prices, and it is expected that the President in his forthcoming food message will reaffirm his previous insistence that certain prices be rolled back to the September 1942 level.

When our market opened this morning, the carryover feeling was quite bullish. The fact that certain restraints on government feeds had been announced yesterday emphasized the urgency of demand for all grains. Furthermore, it was reliably reported that, while 1,750,000 bu of wheat had been bought during the past week in the Argentine for feeding purposes, there would be no more immediate business, although a few cargoes of barley had been worked, and possibly more will be negotiated in the coming weeks. In any case, pressure upon our market was light, and with some further flour buying more hedges were taken out of the pit.

The new barley contract was adopted by our membership yesterday, and trading started this morning. First prices for December barley were $1.16 a bu, and subsequent prices were much higher. Considering that this is a 48-lb cereal and that there is a brisk demand, there was rather conclusive evidence that corn, which is a 56-lb cereal, is under-priced at the ceiling of $1.07 a bu. We are very hopeful that the barley trade will serve a useful function to all interested parties, and, therefore, call attention to this year's crop, which amounted to 333 million bu. It compares with last year's yield of 426 million bu. However, for the five years prior to 1942, we raised on an average 283 million bu. Of this quantity 176 million bu was used for feed and seed, and the balance, amounting to 107 million bu, was sold. In the latter quantity there was included some which went for resale to other farmers for livestock feed, but a very large percentage was undoubtedly needed for commercial utilization. Therefore, the risk to those doing business in this commodity may be greatly eliminated if hedging facilities broaden and the new barley pit performs a utility, as has been the case in other grains.

Seeding of small grains has advanced rapidly, according to the government weekly, in northern and western sections, and much is up to good stands where the moisture is adequate. Wheat is half to all sown in the northern States. Kansas reports that more than half is sown except in the eastern third. Showers have conditioned the soil but more rain is needed for proper growth in many areas.

Primary receipts amounted to 1,461,000 bu compared with 1,566,000 bu last week, and 2,425,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 966,000 bu, and this, of course, suggests another large shrinkage in the visible supply next Monday.

Prices were firm during most of the session, and there was no particular feature, except that the recent milling business has been quite good, but with ceiling prices on flour it remains a question as to the immediate future. Even with some profit-taking, final values were 3/4¢ per bu higher for December wheat, while the May was up 3/8¢ per bu.

Oats and rye were also stimulated by further buying orders, although when the leading cereal reacted there appeared to be some selling and best prices of the day were not maintained.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill.

Oct. 7, 1943.

According to the last figures given out by the CCC there has been 23 1/4 million bu of wheat imported from Canada, while domestic purchases now total 10 3/4 million bu, which means that in these two positions we have augmented government holdings to the extent of 34 million bu. In spite of this, the total amount of wheat which they presently hold has been reduced to 123 million bu, and sales are continuing at a tremendous rate of about 10 million bu per week. This is undoubtedly the reason that no further supplies will be sold for feeding hogs to weights greater than 200 pounds, or to beef cattle beyond fair to good finish. Instead, it is the government's intention to sell its feed wheat supplies solely for dairy cows and laying hens. However, it is also stated that buyers are not required to sign any statement of acceptance of these new conditions, nor is any certification required. Therefore, there will be no check in the manner of seeing that the intentions are carried out.

As we view the situation, the great strength in grains comes entirely from the feeding situation. While it is true that the 1943-44 supply is the second largest on record, and only 4% smaller than last year's, yet livestock requirements are also of record proportions. The BAE believe that stocks of feed grains which will be carried over at the close of the year will probably be the smallest since the drought period.

The corn supply, including the carryover, is expected to total about 3.4 billion bu, which is the second largest on record, and prospective supplies of vegetable and animal protein feeds combined in terms of oilmeal equivalent, total 11.6 million tons, which is slightly above the record supply which we had a year ago. With the tremendous number of animals to be fed, it appears likely, according to this government source, that 400 million bu of wheat will be fed during the fiscal year compared with 300 million bu last season. About 280 million bu of this will be government wheat, and the balance is expected to be fed on farms of wheat growers. It is estimated that during the period from July to September, already half of this amount has been consumed, leaving about 200 million bu of domestic wheat available for feeding during the period from October to next June. Of course, some revisions may occur due to Canadian imports, but in any case it forms the basis of a very strong position to which we have referred frequently in our market letters.

It is unfortunate that transportation facilities are limiting our import business from Canada. Their total wheat supplies, including crop and carryover, amounted to 897 million bu, and after deducting estimated home needs of 165 million bu, there was a surplus of 732 million bu. In coarse grains total supplies were 1,005 million bu, and it is estimated that domestic requirements, including the extra feeding, amount to 650 million bu. This would still leave a balance for export and next carryover of 355 million bu. In other words, the total grain surplus in Canada this year will amount to 1,087 million bu; while somewhat less than last season, it is, indeed, a substantial quantity, so there can be no question of scarcity for North America.

Primary receipts amounted to 1,433,000 bu compared with 1,381,000 bu last week, and 2,095,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,362,000 bu. This is again a reflection of the heavy feeding demand. Markets were rather firm, but about as dull as we have seen them for a long while. There appeared to be very little pressure of hedging, and while a little milling business was reported early, we believe that ceiling prices for flour are a detriment to any big volume. Final values were 3/8¢ per bu higher.

Oats and rye advanced, but mostly for the December future. The later months were firm, but inactivity in these pits was also apparent. Barley closed considerably higher.

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CHICAGO MERCANTILE EX.

CHICAGO 4,Ill.

Oct. 8, 1943.

While farm prices have held up extremely well, there have been some complaints from agricultural areas due to the labor situation, but draft deferment and other measures have put 300,000 more men of military age to work on farms during the first six months of this year than at the same period of 1942. This was sufficient to offset net losses of workers of military age from farms during the last half of 1942, with the result that the number of such workers in July of this year was the same as the number a year ago.

Under these circumstances, it is quite proper to expect that with July wheat selling above the $1.50 level, the extra acreage allotments now being permitted will be planted, provided that soil conditions are sufficiently good, and we have already seen that a good deal of wheat has been seeded in dry areas in the hope that later moisture would offer some relief. The trade is watching mainly the tremendous feeding program in this country, and it is a fact that our consumption is going on at a rate never before experienced. During July and August of this year the sales of government wheat for feeding totaled nearly 90 million bu, and at present there is from 7 to 10 million bu being sold weekly, so that almost everything else is thrown into the background. Even with the wheat feeding program and imports from Canada, it is considered likely that stocks of corn one year hence may be reduced to about 150 million bu, and similar reductions in the carry-over of oats and barley are in prospect, as well as the quantities of feed concentrates of various sorts.

Normally, a good deal of attention would be directed at this time to crop prospects in the Southern Hemisphere, and owing to the fact that the war will end some day, we would feel remiss in our duty if we did not point out on occasions data and statistics that come to us from reliable sources. Crop conditions in Argentina continue generally satisfactory. On an acreage somewhat smaller than last year, one might expect a harvest of about 225 million bu, while the present surplus in that country amounts to about 130 million bu, of which 63 million bu is stored in chief ports. As contrasted to the high loans in the United States, farmers in Argentina this season will be guaranteed a minimum price of about 65¢ a bu for wheat, and 91¢ a bu for flaxseed. In Australia, owing to adverse weather, and a small acreage, the crop is estimated at only 89 million bu compared with 157 million bu last year, and an average of 156 million bu for the past eight years. As an offset, however, stocks of wheat in Australia on September 1st, as reported by the Canadian Trade Commissioner, were 183 million bu. It is, therefore, apparent that even with a failure crop, supplies of wheat in that country will be heavy. As in other surplus nations, a large quantity of wheat is going into livestock feed, and certainly at a much higher rate than in pre-war years. Both these countries are handicapped for the moment in finding sufficient outlets, although some demand from India has arisen lately, which was helpful to Australia.

Primary receipts of 1,600,000 bu compared with 1,615,000 bu last week, and 1,792,000 bu last year. Kansas City and Minneapolis stocks so far this week decreased 1,844,000 bu, indicating a very large shrinkage in the visible supply on Monday; last year the situation was just the reverse, and there was actually an increase of 824,000 bu.

Markets were rather strong from start to finish, and while volume of trade did not expand materially, there seemed to have been some overnight flour business, although big orders on part of bakers are restricted owing to the ceiling. At the last there was an advance of 1/2¢ per bu, with December wheat selling at about the same price as May, while at Kansas City the nearby future was at a premium of about 5/8¢ per bu.

Oats and rye also advanced. There is some talk that more rye may be used for distillation. We have not experienced much improvement from our own offices, but the government believes that the quantity of rye which will be fed this year may amount to approximately 40 million bu, which will be by far the largest on record, and would compare with 26 million bu in 1942-43.

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CHICAGO MERCANTILE EX.

October 11, 1943

During the years 1937 to 1939, production of feed grains and wheat was much greater than our domestic requirements. This resulted in accumulations of grain which reached the largest figure on record. However, in recent years these reserves have been greatly reduced to meet the feed requirements of the rapidly increasing livestock population. More concretely, since 1942 about 125 million bu corn and about 400 million bu wheat have been sold by the government for feed. This in spite of the heavy feed grain production in 1941 and 1942. Notwithstanding this selling on part of the government, feed grain prices have risen 37% during the past year, and the government believes that prices will average higher the coming season, although limited to some extent by price ceilings.

When our market opened this morning, there had been very little news over the week-end. The weather was dry practically everywhere, and this is about the sixteenth consecutive day that there has been very little relief over the winter wheat belt. Some rains have fallen in part of Oklahoma, but the important producing sections are still complaining, especially since the weather had been very hot and dry during the summer months.

Not much attention is being paid to European crop developments owing to the fact that we are reducing our surpluses in this country so largely through feeding channels. Since July 1st, we have shipped about 10 1/2 million bu wheat and flour from these shores, and clearances are proceeding at the rate of about 600,000 bu a week. Our wheat imports fr Canada have been about twice as large, although the grain that is coming in is being used almost entirely for feeding, and the quota for milling purposes remains at only 795,000 bu. Canada meanwhile is carrying on a rather extensive export business, and disappearance last week amounted to slightly over 8 million bu, some of which was undoubtedly destined to the United States. Whether the European demand will be so active remains to be seen. In any event, the 1943 wheat crop in Europe, excluding the Soviet Union, is estimated at around 1,540 million bu, according to the Department of Agriculture's Office of Foreign Relations. This would indicate the best harvest since 1939, and a crop about 10% larger than the poor yield of 1,380 million bu a year ago, but would still be below the five-year average prior to hostilities, when 1,580 million bu was harvested. It seems remarkable in spite of all the fighting and bombing that such big crops are being raised. Weather conditions were quite favorable, the winter was mild in almost all areas, with little winter killing reported, and the early spring favored growth of all crops, In addition to this, there had been acreage expansion, especially in England, where a record crop is reported, but good returns were also obtained in the Danube Basin countries, with Rumania and Bulgaria doing particularly well. Even the Italian crop is placed above the 1942 harvest.

Primary receipts were 2,131,000 bu compared with 2,226,000 bu last week and a holiday last year. When the visible supply of wheat was posted, it showed a decrease of 6 million bu, leaving total stocks in various positions 162 1/4 million bu. There is now 59 million bu less whea on hand than at the same period in 1942. At Chicago, a rather appreciable decline in stocks took place, amounting to 602,000 bu, leaving about 8 1/2 million bu at this market. Chicago rye stocks increased a little, with 9 1/4 million bu now in store.

CCC loans have been made on 77 million bu 1943 wheat, while a year ago same date loans had been completed on 191 million bu. The outstanding State is Kansas, which has 21 1/2 million bu impounded, with Texas ranking second, having more than 12 million bu frozen. On the whole the program is going slowly compared with the previous season.

Markets really never scored gains over the previous closing level, and while there was no p articular pressure, there seemed to be enough profit-taking to make itself felt. At the last the December future was 1/8¢ a bu lower, while May wheat declined 1/2¢.

Oats and rye were moderately firm and closed at about the best levels of the day.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO 4, Illinois

October 13, 1943

Owing to the fact that we have had a good many inquiries from our friends as to what the world wheat situation might be if the war ended soon, we are giving some data and statistics for the principal exporting countries. Wheat stocks in the four major overseas exporting countries: Canada, the United States, Argentina, and Australia, on July 1, 1943, were about 1,770 million bu. This was about 300 million above the record established one year earlier. However, with unusually large consumption owing to feeding requirements, etc., it is estimated that these stocks will be reduced on July 1, 1944 to about 1,250 million bu, which after providing for domestic requirements in the various countries until the new harvest, and also, normal minimum carryover stocks, would leave about 830 million bu for export. This would be considerably more than adequate to take care of a whole year's total import requirements, even at very high levels, without using any of the surplus from next year's crop. Therefore, it is quite apparent that there is nothing very bullish in the world wheat situation.

Coming to our own statistics, on basis of the government report just issued, we have a crop and carryover of 1,453million bu.These supplies are second only to the record of 1,613 million bu last year. The government now estimates that 390 million bu domestic wheat will be used for animal feeding compared with 316 million bu last year, and a ten-year average of about 117 million bu.It is further believed that the use of wheat for alcohol will be about 100 million bu, or a reduction of 50 million bu from last month's estimate, because of the fact that larger quantities of molasses are now being imported, and will be used in place of grain. In view of these circumstances, our carryover next July will be in the neighborhood of 300 million bu, while in the ten year period, 1932-41, the annual carryover of old wheat averaged about 235 million bu. In those years production averaged 738 million bu, and domestic disappearance 677 million bu; so it is quite obvious that many changes are now in prospect. We also call attention to the fact that the loan rate to farmers, being 85% of national parity, nets him a loan at the present time of $1.23 on the farm. This has been gradually stepped up since 1938, and lest we forget how sharp these increases have been we tabulate them here:

LOAN RATES TO FARMERS

1938-39	1939-40	1940-41	1941-42	1942-43
53¢	64¢	65 1/2¢	98¢	$1.14

It is also figured that with our armed forces to be fed that the consumption of wheat for food during the current season will run about 540 million bu, which would compare with 479 million bu, the ten-year average. Seed requirements of 80 million bu, representing heavier sowings, would be about in line with former times. Exports are judged to be in the neighborhood of 50 million bu, but this figure may prove high, much depending upon the outcome of the war.

There is one factor that is not to be overlooked in these calculations: namely, that wheat imports by the CCC are supplementing the quantity of domestic wheat for feed, and to the extent that such supplies remain unfed at the end of the marketing year, they would add to the 300 million bu carryover of domestic wheat which the government indicates for July 1, 1944.

While the government report was slightly bearish from point of view that farmers were harvesting the second highest crop yields from the largest acreage harvested in ten years, on the other side of the picture was the heavy disappearance. In corn, for instance, farm reserves were 365 million bu-- the smallest since 1938, and showed a record disappearance of 447 million bu from farms from July 1st to October 1st. This is 110 million bu above the previous record disappearance in the same quarter of last year; the ten year average disappearance is only 244 million bu. Stocks of wheat on farms were reported at 517 million bu compared with 644 million bu a year ago, and the ten year average (1932-41) of 331 million bu.Markets were all strong, and the demand for wheat from distilling interests was again in evidence. At the close wheat was 3/4¢ per bu higher.

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CHICAGO 4, Ill. Oct. 14, 1943.

While production expenses have risen considerably since 1938, they have not gone up relatively as much as gross farm income. For 1943, it is estimated that farmers will take in close to $23 billion, which, of course, would be the largest on record, and it would show an appreciation of about $12 1/2 billion during the past five years. Looking further ahead, the outlook for 1944 is for a total cash income from farm marketings of slightly above this year's total. For the first eight months of the calendar year, farm income has been larger than in 1942 for all classes of products. Food grains rose 27%, feed grains and hay, 29%, but there were stiffer increases in other lines, with cotton and cottonseed oil showing an appreciation of 41%, while oil-bearing crops advanced 124%. To the laymen who have to buy these various products, the grocery bill will easily attest to these facts, as vegetables have risen 44%; fruits and nuts, 35%; the cost of meat animals is 27% higher; dairy products have advanced 22%; poultry and eggs, 52%, while last but not least, the pleasure of smoking represented by tobacco is 40% higher. Where labor was involved in picking of fruit, etc., we naturally could expect sharp advances, but even the income from apples rose 69%, while receipts from potatoes were 58% above last year, and there were 22% more sold in August of this year than for the corresponding month in 1942. As a result of all this, payments from mortgage interest will be reduced, as increased earnings are used to lighten the debt burden.

When our market opened this morning, prices were very firm, and with further buying orders in the pit, general advances took place. Considerable attention was centered in rye, with the thought that larger quantities might ultimately be used in the manufacture of commercial alcohol, particularly since there is a price difference of about 42¢ a bu as compared with wheat. Others pointed out that barley, which is a cereal testing 48 lbs per bu, is selling about 10¢ higher than rye, the latter representing a 56-lb commodity. Nevertheless, there is still a very large visible supply in rye, and up to the present time neither the representations made with regard to feeding nor to distillation have been borne out in large measure. It remains to be seen whether there will be any change in the near future

Reports from Australia are not at all optimistic, and rain is urgently needed for the crops even to maintain the present wheat estimate of 89 million bu. While large yields of wheat are expected in many European countries, harvest in the West has been delayed owing to labor shortages and wet weather, but generally speaking, the outturn is reported as satisfactory except in the Scandinavian countries, Spain, and Portugal. The Rumanian wheat crop should be a large one.

Wheat and flour shipments from Argentina the past week have amounted to only 1 1/4 million bu, or much the same as the previous week. It is, therefore, doubtful whether any of the CCC purchases have yet been placed afloat.

Primary receipts of 2,318,000 bu compared with 1,433,000 bu last week, and 1,962,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 968,000 bu. This suggests that we may have another good-sized decrease in the visible supply on Monday, but as government holdings are diminished to a point where feed sales are also on a smaller scale, we believe that the shrinkage will be more normal. In the meantime, it is getting more difficult for mills to sell flour because of ceilings. Therefore, it might be advisable to assume a more cautious attitude at these levels. Final prices were 1/4 to 3/4¢ per bu higher, with the nearby delivery gaining again on other months.

Rye was very strong, particularly December, and there continues to be a bullish sentiment in this grain. Oats were also higher, with the general feeding situation upheld. The Chicago corn-hog ratio stands at 13.9 with both corn and hogs at the ceiling; a year ago the ratio was 18.1.

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CHICAGO 4, Ill. Oct. 15, 1943.

The policy of the administration is to meet if possible labor demands that the cost-of-living index be rolled back to the September 15, 1942, level. It was with that in mind that the OPA last month announced a new program involving lower retail prices for apples, onions, potatoes, peanut butter, lard, and shortening, to be achieved through subsidy measures, although in the aggregate these commodities represented only 4 to 5% of the typical family budget. The cost, according to Mr. Bowles, General Manager of the OPA, was placed at about $100 million annually. The House Banking Committee late yesterday took a firm stand against the use of subsidies and refused to vote additional funds to the CCC to hold down prices for selected foods. However, the President enjoyed a victory earlier in the year when he vetoed a similar resolution, and, therefore, nobody can tell for certai whether Congress will finally win out in its stand, or whether the Executive Branch of the government will have its way.

In any event the news was construed as rather bullish, and first prices were higher in all pits, although there had been other news which was received favorably by longs; namely, a statement by WPB that about 200 million bu grain would be the minimum amount necessary to take care of the alcohol program in case no more plants were diverted to molasses. This suggested that very large quantities of wheat might finally be required, despite the fact that the Bureau of Agricultural Economics just a few days ago revised its estimate of wheat usage for this purpose to 100 million bu compared with an estimate of 150 million bu a month ago. They claimed that large quantities of molasses are now being imported for use in alcohol in the place of grain, and that therefore the downward revision in total requirements had become necessary. With such conflicting factors, nobody can be too sure of his footing, particularly after the recent advances which have taken place. Nevertheless, the demand for wheat at the moment appears to come largely from distillers, who apparently can pay almost any price that is demanded by market conditions, since undoubtedly they are working on a cost-plus basis. This, of course, places a hardship upon the millers, who are bound by the flour ceiling to keep sales prices in line. One thing is obvious: namely, that if subsidies are finally voted down after the present commitments of bakers have been depleted, something will have to be done. Where the mills are still actively engaged on back orders, they keep busy, but we understand that new orders are being greatly restricted.

The moisture situation has not been definitely relieved, and taking the State of Kansas, which has the largest winter wheat acreage, growth over most of the western half of the State was slow during the past week. Stands are generally uneven and spotted, and additional moisture is badly needed. Early seeded wheat in eastern Kansas is up, with fairly good stands. Rye and barley are furnishing pasture in central and eastern counties; however, only a limited acreage of wheat has made sufficient growth to permit pasturing.

Primary receipts were 1,808,000 bu, which compared with 1,600,000 bu last week, and 1,379,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,420,000 bu. Owing to the heavy feeding demand we expect a large shrinkage in the visible supply on Monday. A year ago it increased 524,000 bu.

Wheat was fairly strong throughout the session despite some profit-taking. Even the reaction in rye and the weakness in oats and barley had little influence. Sales out of Chicago were very heavy, and it is thought that those who are unable to buy feed wheat from the government in some cases are paying the actual market price for their commitments. December wheat gained again over the other months, closing about 5/8¢ per bu higher.

The fear that ceilings might be imposed on oats, barley, and grain sorghum had a little bearish influence on feed grains, but the decline did not extend far. There was 100,000 bu of corn booked from the country.

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CHICAGO 4,Ill. Oct. 18, 1943.

There can be no doubt that the combined demand for wheat on part of distillers, mixed feed manufacturers, and even some of the mills, has contributed largely to the strength in the cash markets, which in turn helped boost the nearby position in wheat at various domestic markets. Even assuming that the distillers will be permitted a comparatively free rein in buying future supplies, we feel that some caution is necessary for the reason that there are other factors which are being more or less overlooked. First of all, the corn crop promises to exceed the 3 billion-bushel mark for the fourth time in history, and may do so by a much larger margin than is suggested by the recent government estimate. From information that comes to us from the important corn States, it would not surprise us at all if this year's production would be the largest on record. Old timers say that the ears are running the largest in size, with so many 13 to 14 inches in length that it becomes almost the rule rather than the exception. The ceiling on hogs has been an issue to which many farmers have taken exception, and from friends who have traveled through the feeding areas, we have learned that there is a disposition to liquidate animals, which in turn may mean more corn coming on the open market. We recognize that over widespread areas black markets for corn have developed, and that many farmers through one means or another have obtained better prices than were permitted by the ceiling level. Regional OPA officials at Kansas City, according to the Wall Street Journal, stated that most of the complaints had to do with violations on farm sales or involved a few mills that produced mixed feeds and that they had sent out a squadron of field investigators to study the situation, but that their reports were not complete. State Agricultural Department officials at Raleigh, North Carolina, admitted complaints of ceiling violations in that area, with $2 being paid for corn, where the ceiling including freight allowance, sacking, etc. was presumably held at $1.34. In any case, the inducements to feed are not so great as they were, and if more surplus corn is sold through regular channels, there might be quite a change in the picture.

In wheat, we find that high prices have resulted in much smaller quantities being sealed under the loan. The following tabulations are based on October 10th conditions, owing to the fact that loan figures have been compiled only to that date, but with the price of December wheat more than double what it was six years ago, one can readily understand why a greater percentage of grain is being sold through the usual marketing channels. The following may be of interest both from point of view of price relationship, and also, because it shows the interest displayed in the loan program:

	Oct. 10th Loans	Final for Season	Chicago Loan Price	December Wheat Price Oct. 10th.
1943-44	86 mil.bu.	?mil. bu	$1.42	$1.52 3/4
1942-43	228 " "	406 " "	1.32	1.23 3/4
1941-42	255 " "	365 " "	1.15	1.22
1940-41	209 " "	278 " "	.81	.82 3/4
1939-40	-	107 " "	.80	.83
1938-39	-	66 " "	.77	.64 1/2

Primary receipts of 2,324,000 bu compared with 2,131,000 bu last week, and 1,810,000 bu last year. The visible supply figures were late in being posted, but Chicago stocks decreased 842,000 bu leaving a total of 7,629,000 bu at this market.

Wheat prices were firm right from the start, although strength came mainly in the December future, reflecting strength of the cash position, but July wheat was also quite firm owing to the continued dry weather in the Southwest. The crop is more than three-quarters planted in Kansas, while in Ohio there is a general delay in seeding because it is too dry for germination. Much of the early seeded wheat is up to good stands, but growth is generally slow. Prices at the last were 3/8 to 1¢ per bu higher.

Oats reacted, with a weaker cash basis for the lower grades. Also larger corn receipts had some influence. December rye lagged, but the distant months were strong. Despite talk of a better demand, Chicago stocks remain constant.

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CHICAGO 4, Ill. Oct. 19, 1943.

There are several reasons for believing that the huge feeding program cannot be continued at the present rate. First of all, even with the bumper corn crop last year it required a considerable amount of wheat to augment the feeding supplies. At the present time the CCC Wheat holdings amount to somewhat less than 110 million bu, suggesting that after another three to four months they will be unable to continue offering this grain at a price of 50 to 60¢ below its commercial value, as is the case at present. The government has never made a practice of calling farm-stored loans prior to maturity, and although there are outstanding contracts covering 80 million bu from the 1942 crop, it is quite likely that with the advance in market prices, these will be redeemed as time goes on, and the wheat will undoubtedly come into the regular commercial channels.

Full cognizance is taken of the large extra usage of wheat, and the War Food Administration has urged farmers to step up their wheat acreage next year to 68 million acres, which is an increase of about 14 million over the sown acreage for 1943. It is, however, about in line with average sowings in the years from 1932 to 1941. Onthe assumption that we shall have an average crop, production might be in the neighborhood of 850 million bu, or somewhat larger than the recent harvest. All this is asked for because of the large quantities needed for animal feed and alcohol production, since it is recognized that our imports from Argentina and Canada are proceeding on a comparatively meager basis.

There is another reason to believe that animals will be liquidated, and we attribute it to the labor situation. This does not arise from any scarcity, for on October 1st there were nearly 12 million persons working on farms. This represented a slight increase over a year ago, and 3% over September 1st of this year. True, it is about 2% less than the October average for the years 1938 to 1942, but considering the number of men drafted for the armed forces, the reduction is rather negligible. What is more important to the farmer is that the rate of pay has gone up considerably, while in most cases ceilings on animals have been imposed, and, therefore, it is not nearly so attractive to carry on feeding operations as it was a year ago. There are always certain elements of risk due to diseases, but we are not referring to these. The October 1st index of farm wages at 280% of the 1910-14 average is only 6 points higher than for the last quarterly report in July, but is 60 points higher than the index of 220 on October 1, 1942. This is the greatest increase ever recorded within a year's time. It is not confined to certain geographical locations, but is general. Leaving out for a moment the Pacific region where the step-up was the greatest, we find that gains elsewhere ranged from 46 points in the east south central region to 62 points in the west north central States. From our own contacts we have been told that with labor rates having advanced so materially, it is bound to be a factor in sending more animals to market, which in turn would release corn and other feeds in greater measure for commercial use. This may not be an immediate consideration but surely cannot be overlooked for the future.

Primaries were 2,808,000 bu, a week ago was a holiday, last year they amounted to 1,587,000 bu. Kansas City and Minneapolis stocks so far this week decreased 487,000 bu.

Markets were a little easier. The oat basis was weaker for all grades, and the possibility that ceilings might be invoked for this cereal, as well as for barley and grain sorghums, had a little influence. In rye, there was also some selling on a statement attributed to the BAE, claiming that the demand had not increased materially as a result of war, and that relatively large stocks were on hand. The WFA had not asked for any acreage increase, which was the case in other cereals, indicating that a crop of 33 million bu next year would provide 11 million bu for food, 8 million bu for seed, and would still leave a sizeable quantity for feeding, for alcohol, and for carryover. Wheat prices at the last showed a decline of 3/8 to 1¢ per bu, with the July future holding relatively the firmest on continued dry weather. There seems just a chance that the weather might be changing; rains are pretty urgently needed over the entire belt.

There was some hedging in barley.

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CHICAGO 4, Ill. Oct. 20, 1943.

When certain facts are so outstanding they often impress us to the extent that future events become obscured, and possibly this is the situation now with relation to animals and the feeding situation. Since the beginning of the war, livestock numbers have been increasing, and the large feed stocks accumulated prior to our entrance into the war have been reduced very materially, and local feed shortages are now beginning to develop. It is true that the number of hogs on farms January 1, 1944, will probably be the largest in our history. Also, the number of cattle and calves on farms will be likewise of record size, but in view of the limited feed supply and high feed costs, an increase in slaughter appears probable. The 1943 spring pig crop was estimated at 74 million head, or 22% larger than the record 1942 crop. The fall pig crop is also expected to be larger than in 1942. However, marketings of sows this summer were about 50% larger than a year ago, indicating that some liquidation of breeding stock may be in progress. The total number of cattle and calves on farms January 1, 1943, was 78.2 million head. This was 3 million head more than the previous year. Federally inspected slaughter of cattle and calves to date has been about 2 million head below last year, although the movement of non-federally inspected slaughter was larger than usual. If slaughter during the last quarter of this year exceeds that of last year, as now seems likely, the total slaughter in 1943 may be above the 1942 figure. The total number of sheep and lambs on farms last January was 55.1 million head, which was 1.6 million head smaller than in 1942. Shortages of skilled help and uncertainty of obtaining concentrated feeds have resulted in heavy marketings of ewes during recent months from the Western States. Total slaughter of sheep and lambs during 1943 may be slightly less than the year earlier, but still the second largest on record. All these facts, together with high labor and ceiling prices for animals, combined with advancing costs for feeds, make us feel that the turning point has been reached. This situation, therefore, bears close watching, particularly as the CCC has only limited quantities of wheat which can be sold at prices far below commercial values.

The President after conferring with leaders of four farm organizations was insistent that subsidies were necessary to hold down consumer prices in order to combat inflation, and called attention to the fact that it did not cost a great deal compared with the total cost of the war. This is expected to be a very controversial issue, but pending the outcome more and more flour mills are being forced out of the market because of price squeezing, resulting from flour ceilings and the recent gains in wheat prices. According to the Northwestern Miller, those millers who have remained in the market are not seeking new business, and what little is taking place is apparently confined largely to small lots in order to tide over immediate necessities. While it is claimed that some people have been getting subsidies ever since 1933, presumably to augment their incomes, there seems to be much more opposition to halt food subsidies in order to get prices down. The House Banking Committee has already written a ban on them into legislation to extend the life of the CCC.

Trade seems to be a little more cautious, awaiting further developments, and although there is nothing certain yet that ceilings will be invoked for oats and barley, the cash demand is somewhat poorer and cash premiums at Chicago have declined further. Rains were reported in the Southwest. They were moderate to heavy, and possibly a change in the weather is in sight. This had very little market influence owing to the prolonged drought which has existed.

Primary receipts amounted to 1,739,000 bu compared with 3,105,000 bu last week, and 1,462,000 bu last year. Minneapolis stocks were lacking, but Kansas City decreased 359,000 bu so far this week.

Trade was rather narrow, and with the uncertainties no one is taking an aggressive stand on either side of the market. With some liquidation, however, after recent advances, declines were registered, which at the last amounted to about 1/2¢ a bu.

Oats were fractionally lower but rye and barley were quite weak, with supporting orders coming into the pit, but they were of a rather feeble nature.

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CHICAGO 4, Ill.

Oct. 21, 1943.

There was very little grain news overnight, but additional moisture had been expected in the Southwest, and this failed to materialize, disappointing those who had figured that we might get further relief. As a result, opening prices were slightly higher, but without any particular issue buying was rather limited. It had also been intimated that the President would send a subsidy message to Congress today, but early in the session it was announced by Secretary Early that this message might be delayed until the forepart of next week. The Chief Executive is apparently working diligently on this report, owing to the fact that there has been a good deal of opposition, particularly from some of the farm groups. We feel convinced the administration feels very strongly that inflationary tendencies can best be met by trying to pay out money to keep prices to consumers somewhere around present levels.

This is the time of year when ordinarily we would be paying considerable attention to weather and crop reports from the Argentine. Everything is so unusual that domestic factors are receiving first attention. Furthermore, it is known that the Australian crop will turn out badly even if some last minute rains occur, but as an offset the carryover reserve is so large that there will be ample supplies on hand, even assuming some improvement in demand. There are some complaints of dryness in the Argentine, and right now the crop is entering a critical period of growth, so that timely rains are pretty urgently needed to insure the best results. There seems to be no improvement in the shipping demand from the Argentine, and last clearances were only slightly over 1 1/2 million bu wheat and flour, which compares with an average of 1,370,000 bu weekly since August 1st. It is thought that the sales of Argentine wheat to the United States for feeding purposes are only in the neighborhood of about 2 million bu, while the barley sales are considerably less, being placed at between 400 to 600,000 bu.

This all brings us back again to the feeding problems in our own country, which are not being helped to any large extent by the supplements from either Argentina or Canada. The latter, of course, would be very much larger if transportation were available, since our northern neighbor started the crop season on August 1st with total supplies of 897 million bu, and will probably not need more than 166 million bu for all domestic purposes. At the moment Canada seems to be doing a fairly large trade in exports, and the indicated wheat and flour disappearance during the past week was 7 3/4 million bu, which after allowing about one million bu for home needs would mean that she had shipped about 6 3/4 million bu. Despite this rather large volume, Broomhall figures that the total clearances to Europe for the year, provided the war lasts, will not amount to more than about 200 million bu. The United Kingdom harvested good crops, and, of course, other European countries are not important in the calculations, although from point of view of interest, practically all of the nations now under German domination had better yields than in 1942.

Primary receipts amounted to 1,856,000 bu compared with 2,318,000 bu last week, and 1,227,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,370,000 bu.

After a firm opening there was some selling, and the trade continues to fear the imposition of ceilings. With these uncertainties it is not surprising that some evening up of commitments has taken place, and the open interest in wheat declined nearly 700,000 bu, with only about 47 1/2 million bu now open for the three contracts. This is the smallest in some time. Mills at Buffalo, which generally buy about 20 million bu of wheat to take care of their winter requirements, are up against it now, because on any winter-storage purchases which are made, they have no way of knowing whether, with the present flour ceilings, they will have to grind their product at a loss, or whether some restitution may be made later on. Final prices registered declines of 1/8 to 1/2¢ per bu.

Barley was subjected to some selling and hedging. Prices were lower than for some time.

Oats and rye also weakened with the general list.

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CHICAGO 4,Ill. Oct. 22, 1943.

The feeding situation is the key to almost everything connected with grains, and there are so many crosscurrents that nobody can have the answers nor the solutions which are constantly being sought. Since September 1942, dairy feeds, for instance, have advanced sharply in price, but the War Food Administration is trying to protect the industry by making available government payments to dairy farmers. These bounties will be higher in areas where the quantity of purchased feed is large and the costs have risen the most. The various government programs are so tremendous that it is difficult for the average person to visualize them. They have asked the dairymen to try to insure a total milk output of 122 billion lbs in 1944. Such a program would require a 2% increase over the present number of cows, and an annual production per cow of 50 lbs above the average of 1943. The quantities of various items being accumulated by the government are likely to be tremendous. For example, their holdings of American cheese increased by more than 53 million lbs during August. This in itself may not mean much to the average citizen, but in terms of our own usage it might be stated that the present stocks for civilian use are at the moment probably less than 69 million lbs as compared with the 1938-42 average of 130 million lbs. In butter, with a 10% smaller quantity being set aside by manufacturers for sale to government agencies and an increase in point value successively from 8 to 12 points and later to 16, there continues to be a considerable unsatisfied demand in civilian trade channels, all of which is spurring on the program for a larger production of milk, and this in turn may require a larger proportion of feed supplies to be used next year as compared with 1943. Because of the high costs of feed, measures are being considered to insure the highest practicable yields of hay and pasture crops.

When our market opened this morning, there had been very little overnight news to guide it. Later rains were reported at Oklahoma City and Shawnee --also heavy showers at Enid and Weatherford. In looking at some of the recent bulletins, we find that eastern parts of Oklahoma have been generously favored with precipitation, although the big producing sections are still crying for relief. The chief item at the moment is the lack of commercial interest in the wheat market, and while the distillers continue to purchase supplies, mills both in the Northwest and in the Southwest are being hampered because of ceiling restrictions on flour, and nobody can tell just what the government has in mind to correct the present tight situation. It is probably true that many of the large bakers have bought supplies for several months in advance, but we are told that some of the chain stores, which are in the habit of purchasing mostly from hand to mouth, are being pinched, and there is even the possibility that within a month or six weeks they may not be able to sell bread unless some sort of relief is afforded.

Primary receipts were 1,711,000 bu compared with 1,808,000 bu last week, and 1,273,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,619,000 bu. Thus there is apt to be a fairly large shrinkage in the visible supply again on Monday, whereas a year ago it declined only 264,000 bu. This continues to reflect government sales of wheat for feed, plus the large amounts which are being taken by distillers.

After mid-session the OPA evidently denied any move to place ceilings on oats or barley, and claimed that it hoped to avoid ceilings on minor grains if at all possible. This brought a little purchasing power into the pits, with oats, rye, and barley rallying, but the volume of trade was not particularly large. We note that yesterday' total trade in all grains was only about 12 million bu. Wheat prices also reacted a little from the low points of the day, and at the last there was an advance of 1/8 to 1/2¢ per bu.

Rye continues to enjoy a greater volume of business than any other grain. The fact that parity price for this cereal is $1.19 on the farm, may have something to do with it, but we believe that the large holdings of cash rye which were taken in on previous delivery months have more to do with the firmness than anything else. Some claims have been made of a better commercial demand, but yet the visibl supply stocks do not substantiate this belief.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO 4,Ill.

Oct. 25,1943.

Saturday's moisture report for the Southwest was quite optimistic, but since that time little rain fell except over some portions of Missouri, and there are numerous complaints that the plant is not sprouting and some fields are even dying because of insufficient moisture to sustain growth. This is especially true in southern Nebraska and western Kansas. On the other hand, rains have been very helpful in the Middle Atlantic States, the Lake Region and the Ohio and lower Mississippi valleys. We are naturally mindful of the fact that a change in weather does not necessarily occur in every section of the country at once, and possibly we are somewhat spoiled after the fine start which crops had a year ago. Nevertheless, when feeding operations continue on a vast scale, it is necessary that we have large production. On the assumption that the carryover reserve of wheat next July will be in the neighborhood of 300 million bu, it would practically require a crop of 900 million bu spring and winter wheat to keep our consumption going at the present rate, and even then there would be no allowance for future carryover reserves or for heavier exports, if we wanted to assume an important position at the Peace Conference todo our share in supplying hungry European nations. Of course, the present consumption of wheat will not be continued indefinitely, and there is no reason to believe that we shall always use as much wheat for animal feeding and for alcohol as is needed for human requirements. Thus,the present rate of consumption, which is about 100 million bu monthly, may be drastically cut if animals are liquidated in volume, or if wheat is not offered to feeders at about 50¢ under its commercial value. In Illinois, a marked reduction in feeding operations is noted, and the number of cattle shipped in from July to September was only 74% of last year's figure. Because of the uncertain conditions, there is hesitancy on part of farmers to stock feeding cattle and many feed lots still remain empty.

Despite the threat of a ceiling for soft wheat and relatively small increases in the CCC loans, markets were very firm. Through October 16th, there had been 94 million bu wheat impounded compared with 241 million bu last year. Thus, the program is going rather slowly, showing that present high prices are bringing relatively more grain into commercial channels.

Almost all cereals were affected early by the great strength in rye. The latter has not come under ceiling discussions, possibly because parity is very high. Probably the crop of 33 million bu is not considered sufficiently important to start another program. Our observation leads us to the belief that cash rye has been accumulated through various delivery months, possibly by those who feel that when the war is over a better demand will arise. In any event, the holding of such large stocks has imparted strength to the nearby future, and there is some fear on part of hedgers that the longs might add further to their lines next December.

There was a delay in getting the visible supply stocks posted, but a decrease of 4 million bu, or more, seems probable. Chicago stocks decreased 454,000 bu, leaving 7,175,000 bu at this market. Rye stocks here showed an increase of 3,000 bu, making a total of 9 1/4 million bu. Primary receipts of 2 1/2 million bu were slightly larger than last week, and about 60% greater than last year.

After mid-session there was some easing of prices. Wheat premiums both Northwest and Southwest were lower, and of course, the commercial demand is limited owing to flour ceilings. At Minneapolis over 1,000 cars of wheat have been received, and except for high protein wheat, the basis was generally 1/2 to 1¢ lower. As a result the futures market here was finally 1/4¢ per bu lower than on Saturday.

Oats and barley were influenced by the possibility of ceiling prices; also it is thought possible that if more corn can be furnished to feeders in the East the demand for substitute grain will lessen.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. Oct. 26, 1943.

Broomhall in a recent trade bulletin speaks of the great food deficiency in India, and summarizes his remarks that after the painful experience this year, we can hardly suppose that any government of that country would allow exports of wheat in future years, except in the unlikely event of production increasing very substantially above the present figure. Last July a committee was set up to try to analyze the food grain policy, and it seems that the deficit areas of Bengal, mainly Bombay and the Malabar Coast, had lost their imports fromBurma, while the surplus districts of Bengal had run short because of damaged harvests and interrupted transport. While it is possible that military consumption has been exaggerated, the soldiers are undoubtedly eating more than they would as civilians. In normal times, the per capita availability of food supplies is low. The urban areas in India are merely fed from the margins left over after the cultivator has satisfied his own requirements. It has been figured out that an over-all increase in daily consumption of just one ounce per head in India would involve a total increase in demand of some 4 million tons of food per annum. We are mentioning all this because in the past India was sometimes counted as an exporter of wheat, and the present recommendations are that she will cease to follow in that category but rather will become a net importer. There is some business already passing from Australia, although due to transportation the volume has not been very large up to this writing.

In grain circles, there is still a good deal of speculation as to the possibility of ceilings for feed grains not already placed under restriction, and a chance that higher maxima prices for corn may be permitted. The past season has brought out very clearly that price is a very important instrumentality. When values are too low, production is not maintained, and on the other hand, when prices rise too high, consumption is not maintained. Most economists will undoubtedly agree that the corn ceiling in relation to hogs and animals was unduly low, and as a result even a bumper crop was almost dissipated, with the industries not being able to get their normal requirements except by forcing the issue. It is our considered judgment that if a higher price would be permitted for corn, thousands of problems might be automatically solved. A more normal relationship with feeding values would have released more corn for industries, and thus substitute feeds probably would not have soared to present levels. As a matter of fact, the distortion brought about through high prices of these various feeds may finally bring about a reduction in feeding, and we note that for the week ended Friday, October 22nd, the hog slaughter under federal inspection at twenty-seven selected centers was 162,000 greater than for a like period last year. There were also small increases in cattle, calves, sheep, and lambs.

When our market opened this morning prices were relatively firm for wheat and rye, but oats and barley were somewhat reactionary. As the session progressed feed grains came under more pressure, particularly barley, and this finally had a little influence on bread grains, although volume of wheat was not particularly large. It seems that the commercial demand is lagging, although in the Northwest some wheat futures were bought, presumably against sales of feed wheat.

Primary receipts today were 2,131,000 bu compared with 2,808,000 bu last week, and 1,310,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 69,000 bu.

Apparently new incentives in wheat are necessary before the market will get out of the present rut. Ordinarily there are much heavier fluctuations when prices are this high, but the various restrictions discourage greater activity in trade; even the open interest does not vary much from day to day, nor even from week to week. Last prices were about 1/4¢ per bu higher.

There had been no moisture of importance in the Southwest, and while relief has been afforded in certain localities there are still many areas which need good rains.

The premium of December rye over the deferred months is creating more attention; this is a very unusual situation, with 9 1/4 million bu of rye in Chicago, and also a large visible. The demand for rye is largely speculative, despite the big discount at which this cereal is selling under wheat.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

October 27, 1943

In a radio broadcast, the War Food Administrator stated: "This year, in spite of labor difficulties, in spite of handicaps in the supply of machinery and materials, in spite of floods, drouths and other difficulties, the farmer planned for a still larger production than ever before. And overcoming the many handicaps, he is once more setting a new record in 1943 for total food production, including crops and livestock." It is quite true that there have been inconveniences and some shortages of certain foods, but on the whole, the American civilians are eating more per capita than they did during any year in the 20's or 30's. Our record production of food and feed grains and the big surpluses that were accumulated enabled us for a period of years to build up an animal population such as was never before witnessed. But with the reduction of our reserve supplies, it looks to us as though we would have to reduce the number of hogs and cattle on feed, and apparently the government is cognizant of this fact, having placed a $16 ceiling on cattle in order to reduce somewhat the incentive to feed. It is an economic principle that by the price system, production of an article may be increased, decreased, or shifted from one area to another. Since time immemorial, high prices have encouraged the production of that food that was scarce, while low prices have discouraged the production of that food which was in abundance.

From the Argentine we have heard that rain is still needed in most of the crop area to maintain even the present standards. It was also reported that frost damage had been quite severe in some wheat areas, especially where the grain was well enough advanced and ready to head out. It is likely, therefore, that later estimates will show some reduction from the earlier figure of about 230 million bu which had been expected. However, an acreage of nearly 17 million is slightly higher than the first estimate; therefore, fair yields are still possible. As an offset the United Kingdom has about completed harvesting operations, and although the yields have been somewhat variable, they are high enough to insure the greatest production of bread grain since the record crop obtained in the middle of the last century.

The trade is still expecting that if ceilings are invoked for oats and barley and various other feeds that these will be linked more to the corn price than has been practiced in the past. Thus, it is even likely that a higher maximum for the yellow cereal may be permitted to accomplish this. Those who have coped with the situation have apparently discovered that when one tries to fix the price of one feed it throws out of gear the production and price of the related product. Moreover, fixing a ceiling of $1.07 per bu on corn almost compelled the farmer in the Mid-west to feed the bulk of his crop in order to get a better return than if he had sold his grain through the regular marketing channels. Since corn is approximately 60% of our livestock ration over the nation, this situation has been not only a threat, but an obstacle to livestock feeders, dairymen, and poultry producers, who themselves ordinarily had to enter the open market to make their purchases.

Primary receipts amounted to 1,699,000 bu compared with 1,739,000 bu last week and 1,103,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 139,000 bu. Fairly large receipts in the Northwest have not been offset by shipments, as the milling demand remains slow and there was some liquidation in today's market, possibly the selling of these futures was against cash purchases. Nevertheless, our market showed a fairly good undertone, chiefly because there was so little pressure, but trade on the whole was very light-- much the same as yesterday when less than 5 million bu wheat was traded in the pit. At the last values were about 3/8¢ a bu higher.

No further rains in the Southwest are reported, but according to the government weekly, seeding is nearing completion in that section of the country and is almost finished in most of the northern and central portions of the belt.

Rye was reasonably strong at times but best prices were not maintained. Oat prices were a shade lower and the threat of ceilings continues to be the main issue.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Illinois

October 28, 1943

It is naturally difficult to get accurate information about crop conditions in Germany and the dominated countries, although accumulating evidence tends to bear out persistent predictions that this year's European crop, outside of Russia, will be the largest since 1939. Even information seeping through from Germany was to the effect that crop outturns were favorable, and besides this, we know that the Danubian countries have harvested much larger crops than last year. To those who may be a little doubtful of the accuracy of these reports, it might be added that in France and Belgium, Rumania and Bulgaria, bread rations have already been increased. Hungary will follow suit on November 1st, and in Germany the proportion of barley in bread has been reduced. There is this to be said, however, in Germany a new situation has arisen, which may seriously affect agriculture far more than anything which has taken place since the beginning of the war. We are referring now to the fact that the German armies have been supplied with produce grown in Russia, but since the Nazi's retreat has been so hurried, these supplies are now being lost. In fact, the main agricultural areas in Russia, which had been administered by the Germans, are the zones of military operations where cultivation on any appreciable scale is impossible. Probably only Poland and Lithuania will be left intact for the autumn sowing. This means that Germany will have to feed a greater number of soldiers and civilians from a smaller area.

When our market opened this morning, prices were very firm. It was thought that there had been some overnight flour demand, but on the whole the business could not have been appreciable because of flour ceilings. However, our reports from the Northwest showed that various flour interests had bought futures, although we do not pretend to know whether this was against milling business, or whether it was in satisfaction of family trade. The fact is that our 135 million people are still eating, and bread remains the staff of life. Therefore, it is only a question of time before even the government must take cognizance of the present squeeze. When flour ceilings were established on January 4th, Minneapolis May wheat was selling at about $1.33 per bu. The Montana Flour Mills Co. points out that there has been an advance of about 12¢ per bu since ceiling prices were first arranged. This is equivalent to an increase in cost of from 54¢ to 60¢ per bbl of flour, according to grade. There was only a modest margin allowed for conversion of wheat into flour at the beginning, but the advance in wheat prices since that time has wiped out a substantial amount of that margin, with the result that many mills have withdrawn quotations and discontinued selling their product. They further state that an advance in the ceiling price of flour of 60¢ per bbl would add .0021¢ to the cost of a pound-loaf of bread. Average per capita consumption of bread is about five-eighths of a bbl of flour per annum. Should ceiling prices on flour be advanced to correspond with the advance in wheat, the average consumer would pay approximately 30¢ more per year for bread consumed.

Primary receipts amounted to 1,683,000 bu compared with 1,856,000 bu last week and only 883,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 333,000 bu.

After mid-session all grain markets became very strong. There appeared to be very little pressure from any source, despite higher prices. The country does not seem to sell much wheat, and in fact, receipts in the Northwest have dropped off to some extent, although this may be due to the fact that elevator space is fairly congested. There was no overnight rain in the winter wheat belt, and there are many areas crying for rain. This apparently is also have its effect, with the result that July wheat is selling higher than next year's probable loan. This is a rather unusual condition coming so early. Last prices showed gains of about 1¢ a bu.

Rye was also very strong, with the December delivery touching the season's previous high. The nearby month has an open interest of over 20 million bu, which is extremely large, and which compares with about 15 million bu for May. Prices of barley and oats were also higher, reflecting the bullish sentiment in other pits.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill.

Oct. 29, 1943.

We have pointed out in recent market letters that there appears to be a somewhat increased marketing of hogs and livestock, but even if reductions are taking place, there will still be a tremendous feeding program, and it is probably fortunate that imports from Canada are augmenting our supplies. Since August 1st, Canada has shipped about 33 1/3 million bu wheat to this country, together with 14 1/2 million bu oats and slightly over 10 3/4 million bu barley. In other words, our combined Canadian imports for feeding purposes have amounted to nearly 59 million bu, and while it is probably true that there will be a falling-off early in December when navigation closes, it has been our observation that in recent weeks almost as many oats have come here via rail as by lake shipment. In Spring we expect that the imports will increase appreciably, and undoubtedly there will be more boats available to carry on this business. It would be futile to try to estimate this early in the crop-year how much we are apt to import, because the amounts which we can take from Canada are limited almost entirely by transportation. Canada started at the beginning of the season with total wheat supplies of 897 million bu. Home consumption will probably take 166 million bu, which would mean net supplies of 731 million bu. At the moment, her disappearance is rather heavy. For the past week, it amounted to nearly 8 million bu, and allowing a million bu for home usage, it suggests that exports have been close to 7 million bu. However, it is not likely that this will keep up either. England, being the chief importer, may take smaller quantities than last year owing to a larger crop, but we must assume that there is a fair amount of grain going for winter storage in order that shipments can be made without stoppage after close of navigation.

After calling attention to the squeeze in which the Northwest mills had found themselves, we checked into the Southwest situation and find that since the inception of flour ceilings last January, winter wheat prices have advanced about 19¢ a bu. These figures came from official bulletins which are compiled by various millers, and it amounts to about 87¢ a bbl increase. Thus there is no doubt that these milling companies are being very hard-pressed, and up to the present time there has been no relief offered, which is extremely unfortunate. The additional usage of wheat for distillation purposes has been a bullish factor. Also, a number of feed dealers who are unable to purchase supplies from the government had to enter the open market. These were all conditions over which millers had no control. The extra competition was something which in ordinary years would have been an abnormal performance, but which has now been made necessary because of war conditions. We do not see how anyone can argue against a relief program for the mills, who, through no fault of their own, are finding that their operations have become entirely unprofitable, and certainly they should not be urged to carry on business at a loss. It is, therefore, to be hoped that higher ceilings will be approved in order to correct a dilemma, which is daily becoming worse, as markets have gone into new high ground for the season.

Primary receipts today were 1,639,000 bu compared with 1,711,000 bu last week, and 1,345,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 590,000 bu. While there are some accumulations going on in the Northwest, we expect a fairly good shrinkage in the visible supply stocks on Monday, which will compare with a decrease last year of 672,000 bu.

Wheat prices were firm, and the intimation from Washington is that ceilings on hard wheat probably will not be set unless parity is reached. This gave encouragement to a certain group who were otherwise bullish, although at times there was some liquidation, apparently by eastern holders when rye weakened, but yet recoveries were rather spirited. At the last, there was a gain of 3/4¢ per bu, with Minneapolis up somewhat more; the latter is also attracting more attention since it is selling at a greater discount than we are under parity levels.

Rye seemed to be under pressure at times, especially the December, and nobody can quite understand why the open interest in the nearby month is going up, unless possibly some hedges are coming into this market against cash positions. In any event, there were good recoveries from the early lows, although the close showed losses for the day.

Oats and barley were weak at times. The latter is enjoying just a fair trade, and until this develops on a broader scale, we feel that wherever possible orders should be accompanied by price limits.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO 4, Ill.

Nov. 1, 1943.

The long-awaited message of President Roosevelt's to the Congress was delivered today, and while this was primarily a food message, it also dealt with economic questions. The Chief Executive requested the extension of the CCC byond nextDecember, and also proposed additional funds for its operation of price support and subsidy programs. Mr.Roosevelt said that to induce higher food production, government funds had been used in various ways, and through this encouragement producers had increased the output without raising the price to the consumer. The cost, he pointed out, was moderate, and during 1943 amounted to $350 million, which did not include the RFC program for reducing meat and butter prices, the latter taking an additional $450 million a year.

The Bureau of AgriculturalEconomics has forecast that the marketing margins on farm food products in 1944 will probably not rise appreciably over present levels unless there is a decided increase in general wage rates. It appears to us as though most farmers are pretty well satisfied with their present status. This is not surprising in view of the fact that the farmer's share of the retail food dollar reached 58¢ in August, which was the highest on record since 1919. Looking at wheat alone, we must admit that it is mostly the abnormal consumption which is bringing about a great reduction in the surplus. Certainly we cannot point to a heavy flow of wheat through exporting channels. As a matter of fact, Europe reaped the biggest harvest since 1939, and the wheat crop is estimated at 1,540 million bu, excluding the Soviet Union. The United Kingdom, which is the chief importer of wheat even in peacetime, will require only moderate quantities from the outside. First of all, they raised one of the largest crops in one hundred years, and secondly, millers have been obligated to use 40% domestic wheat in their grindings. A 10% admixture of diluents, such as barley, oats and potato flour, is also compulsory.

At last week's meeting in Washington, the wheat flour milling industry called attention to the unprecedented demand for flour as human food for our civilians, the armed forces, our allies, and lastly, the liberated areas. In order to accomplish best results, committee members stated that the flour industry must be assured of ample wheat stocks. Everyone agreed that feed requirements were necessary and the alcohol program was vital, but that the most important utilization of wheat was for human food. This committee further pointed out that the margin of prospective reserve stocks at the end of the current marketing year would not be especially high, in view of transportation difficulties and the diffusion of wheat stocks among thousands of elevators and granaries all over the country. While admitting that there were large surpluses in Canada, Argentina, and Australia, adequate shipping facilities made importations extremely difficult.

Wheat arrivals in the Northwest are quite substantial, and primary receipts were fairly good, at 1,964,000 bu compared with 2,531,000 bu last week, and 1,442,000 bu last year. Chicago stocks of wheat increased 66,000 bu, and there is now about 7 1/4 million bu here. Chicago rye stocks decreased 52,000 bu, leaving 9,172,000 bu at this market. There was another delay in compiling total visible supply figures.

All grains rallied after the President's appeal to Congress became known. We could see nothing very bullish in the implication, and rather believe that the administration would prefer a restraining influence to prices at present levels. There was one sentence, however, frequently quoted, where Mr.Roosevelt said that a program to prevent an increase in the price of bread is now being developed, although he gave no details. Some figured that this might bring about a higher flour ceiling through subsidy payments, which might give us a better demand for cash wheat. In any event, rye led the advance, particularly the nearby month, which had been selling at a discount under May. The great strength here spread to other pits, and at the last wheat showed an advance of about 1/2 to 7/8¢ per bu.

Oats rallied moderately, and barley also recovered after the December delivery had sold at a new low on the crop. The close was strong for all cereals, although volume of trade was not especially large considering the great events which are taking place in the world, especially the announcements following the Moscow conferences, with the Four Powers pledging united action in peacetime.

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DAILY MARKET LETTER

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CHICAGO 4, Ill. Nov. 2, 1943.

President Roosevelt in presenting his message to Congress yesterday on the food subsidy bill stated, "I am convinced that to abandon our present policy would increase the cost of living, bring about demands for increased wages, which would then be justifiable, and might well start a serious and dangerous cycle of inflation." According to several articles recently released by the U. S. Department of Agriculture, total income payments in 1943 are expected to be twice as much as in 1939, or approximately $142 billion. The same source reports that consumer expenditures for food and beverages relative to total income received will be smaller this year than for any previous year on record. It is estimated that it will be 22.7% compared with 23.9% in 1942, and 25.6% in 1939. Thus the combination of prospective higher consumer incomes and the rollback in retail food prices indicates a new record low for the latter as compared with income by the end of this year. While the increase in the cost of living from September, 1942, to May, 1943, probably was due largely to an increase in food prices, if the period from 1939 to 1942, when the national income rose $49 billion, is used as a yardstick, it appears from statistics that of this advance $5.8 billion, or only 12% went to agriculture while $43.2 billion, or 88%, went to non-agricultural pursuits. During the same period, wage increases were nearly double the increase in the cost of living, although during the corresponding period of World War 1, the rise in wages and in living costs was about equal.

As defined by Messrs. Harper & Curtis of the Department of Agricultural Economics of Cornell University, "Inflation results from a change in the quantity of goods relative to the spending power available to buy them." They point out that this could be caused by fewer goods and the same total spending power; secondly, by more spending power and the same total quantity of goods; or thirdly, from more spending power and fewer goods. It seems apparent that due to the diversion of goods and materiel for the war effort that our present situation fits into the last category: namely, increased spending power with fewer goods. Much is heard of the "inflationary gap," although an increase in prices should syphon off some of the increase in purchasing power. Subsidy payments to producers do not accomplish the same purpose as this adds to their spending power, adds to the cost of administration, and adds to the amount of the federal debt, and finally to the taxpayers' load.

The visible supply figures, which were not available yesterday, show a wheat decrease of 2,961,000 bu., leaving the total now 149,606,000 bu, or 71 million bu less than a year ago. Primary receipts today were 2,452,000 bu as compared with 2,131,000 bu last week; no comparison can be made with last year owing to the election holiday. So far this week stocks at Kansas City and Minneapolis show a decrease of 57,000 bu. For the week ended October 23rd, the government reports 9,735,000 bu of wheat had been impounded, bringing the total for the season to 103,877,000 bu. In analyzing the figures, almost the entire increase came from the four northwestern States, while in the Southwestern States the increase was only 495,000 bu, and in Washington and Oregon 928,000 bu.

There was some evidence the early part of the session of hedges being removed against sales of wheat made to distilling interests. The demand from that source continues. With the setting of maximum prices for soft wheat, it appears from statements emanating from Washington that no action will be taken on hard wheat under full parity levels. However, talk about those ceilings seem to b e acting as a magnet to wheat prices, and great strength was developed during the session. The Bureau of Agricultural Economics also comments that there is a general reluctance on part of holders to sell wheat, due to the opinion prevailing that there is a good chance that prices might rise later; also dry conditions still prevail in parts of the winter wheat section, and the tendency of producers is to put off taking profits until after the time of filing income tax returns. At the close wheat futures were practically at the top, with July 2 7/8¢ per bu higher.

From information which we have gathered, it appears as though the new corn will not be released either for brewery or distillation purposes. This also imparted strength to the wheat market.

The open interest in rye continues to increase, and the December figure stands at slightly over 20 1/2 million bu. It would seem from the surface that this increase in open contracts might indicate hedging of some of the rye which wastaken on delivery earlier in the year.

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CHICAGO 4, Ill. Nov. 3, 1943.

With the battle of the Atlantic having turned preponderantly in favor of the allied nations, there has been a decided easing in the shipping situation from the actueness which existed in the earlier stages of the war. It would appear that the shipping losses have been greatly curtailed, severe damage has been inflicted upon the German submarine fleet, and new construction on part of the United States has more than offset allied losses. The dire need for shipping space, plus the closing of certain importing channels through invasion, etc., led to a greatly restricted international movement of wheat following the first year of the entry of the United States into the conflict. Leland Stanford University, in a recent publication, stated that in the crop-year 1942-43, the net exports of the four major exporting countries ran the lowest since the export year of 1911-12, and during the past three years have approximated 23% less than the corresponding years of World War 1, as shown by the following table:

(Million bushels)

Crop-year	No. of Bushels Exported	Crop-year	No. of Bushels Exported.
1913-14	416	1938-39	485
1914-15	497	1939-40	504
1915-16	608	1940-41	451
1916-17	471	1941-42	367
1917-18	429	1942-43	342
1918-19	858	1943-44	-

While accurate statistics are not available at the moment, it is indicated that when figures are finally given out there will be shown an enlarged movement of wheat and flour during the summer months of 1943 as compared with 1942, due in part to increased shipments from Canada, and in part to the building of reserve stocks in England for probable invasion of the Continent and other places. It is fair to assume that with relief and rehabilitation of former subjugated nations, enlarged military activities, further invasions, and feeding of prisoners of war, further increases in tonnage will be noted. If peace should come suddenly, there will no doubt be extra demands made for food.

What the permanent economy will be is still difficult to visualize According to the London Economist, discussions have been going on in England as to the kind of agricultural policy to be pursued after the war. Statements have been made by the National Farmers' Union of that country that there should be a minimum maintenance in England and Wales of 11 million acres of tillage, which would be an increase in the plowed area of about 60% over the pre-war level. The trend of thought seems to lean towards some system of guaranteed prices in both the international and national spheres, which might mean the establishing of marketing boards, and possibly the use of some form of subsidy. However, it is to be hoped that some of the pitfalls which led to economic chaos prior to the outbreak of war will be avoided. The use of subsidies in international trade led to the placing of high tariff barriers on part of other nations. The attempt to make individual nations self-sufficient led to a choking of international trade. If there is to be any semblance of peace for future generations, international trade will again have to play its prominent part in world economy.

There was no moisture of consequence overnight. The government weekly weather and crop report, issued today, states that the seeding of winter grains is nearing completion in most sections except the southern areas. They further comment that wheat is generally up to good stands where moisture was ample, especially in northwestern Missouri and the eastern half of Kansas, while in extreme southern Nebraska, the western third of Kansas, and much of Oklahoma and Texas conditions are spotty and some fields have been replanted where the wheat has failed to germinate. However, on the other hand, weather has been mostly favorable for corn and husking is making good progress.

Primary receipts today were 1,735,000 bu as compared with 1,699,000 bu last week, and 1,996,000 same day last year. Kansas City and Minneapolis stocks so far this week show a decrease of 37,000 bu.

At the opening there was a carry-over of the bullish feeling of yesterday; wheat went into new high ground, but later in the session prices declined. The stock market was also weaker, presumably on continued good reports from Italy and Russia. At the close both December and May wheat were 3/4¢ per bu lower.

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CHICAGO 4, Ill. Nov. 4, 1943.

The large-scale bombing yesterday by the United States 8th Air Force, in which over a thousand planes are supposed to have participated must have been quite a blow to the already sinking German morale. In recent days propaganda from Berlin has insisted that the raid at Schweinfurt was so costly to the United States that as a consequence it could be expected that the fury of air raids would fall off. There seemed to be some reports that certain "German generals" had been putting out feelers for an armistice. However, the recent conference at Moscow must make very plain to the German people the only basis which will be considered for peace. Lord Halifax in a recent statement said that anything "may happen." While one cannot say definitely when the break will come in Germany, nevertheless time is running out very rapidly for Hitler and his cohorts.

The most acute shortage of feed grains has been felt in the northeastern States. Recently the Office of Defense Transportation authorized the release of additional ore boats to ship eastward on the lakes about 15 million bu grain during the first half of November, and it is apparently their intention to move a total of at least 50 million bu eastward before the close of navigation. In glancing through the statistics, we note that stocks in store at Ft. William and Port Arthur total approximately 38 million bu as compared with 119 million bu a year ago. The Canadian Wheat Board, cognizant of this fact, has recently taken drastic action to instigate shuttle service to move at least 60 million bu wheat to the lakehead before the close of navigation. So undoubtedly between the action of Canada and the United States more feed grains will be available to our eastern States. In fact during the week ending October 22nd, we imported from our northern neighbor a total of 2,651,000 bu, of which 2,192,000 bu was shipped by lake and 459,000 bu by rail.

While very little attention is paid to crop developments, we would be remiss if we did not refer to same from time to time. According to Sanford Evans, we learn that in the Argentine severe frost damage has occurred in sections of Santa Fe and Cordoba, where the grain is well advanced. Their domestic consumption continues heavy, as the shortage of fuel and feed has caused wheat to be substituted. The acreage planted for this year is just about comparable to that of 1942. From the same source we learn that the preliminary estimate of this year's crop in Australia is only 89 million bu. However, the short crop will be offset somewhat by a carryover on December 1st which might approximate 150 million bu.

Great inroads have been made on our supplies of wheat due to the extraordinary use of same for alcohol and feeding. A Senate Committee is threatening an investigation of the fact that industrial alcohol production is not up to the levels on which the program was originally based, and possibly this may lead to the stepping-up of the program. In the meantime the marketing of hogs is proceeding on a rather large scale. For the week ended October 29th, 162,000 more hogs were slaughtered than a year ago. No doubt marketings will continue at an increased tempo, as the corn-hog ratio for the week ended October 30th was only 13.6 as compared with 19.1 for the corresponding week of last year. In spite of the fact that egg prices have advanced to the highest price since 1929, the October feed-egg ratio was less favorable to poultrymen than a year ago.

Primary receipts were 1,570,000 bu compared with 1,683,000 bu last week, and 1,204,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a net decrease of 205,000 bu.

Both the grain and stock market witnessed another weak session, no doubt stimulated by highly encouraging reports from all theatres of war, and the feeling that the length of the war has been materially shortened. Some significance was attached to the testimony of ex-President Herbert Hoover in his speech before the Senate Foreign Relation Sub-Committee, in which he stated that we are certainly in the latter stages of the European war, and probably the last winter of fighting in Europe. In spite of continued demand for wheat from distilling interests, liquidation was in evidence, and while there were recoveries from the low points, at the close wheat was 1¢ per bu lower.

Rye, oats, and barley also suffered from liquidation, and continued talk of possible ceilings on feed grains.

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CHICAGO 4, Ill.

Nov. 5, 1943.

The Department of Agriculture has recently released a very interesting article on foreign crops and markets. Apropos of the sentiment that seems to be growing that the conflict on the Continent may come to an earlier termination than had been forecast sometime back, it is interesting to review some of the findings of the Agricultural Department in view of the role the United States may have to play in the furnishing of food to the devastated sections. The Italian crops of small grains harvested this year were considered good to excellent. The outturn of the wheat crop is possibly around 275 to 280 million bu, which would be slightly higher than the 1933-37 averages, and in spite of the five years of warfare, acreages have been increased. Using 1933-37 as the base period; the land sown to wheat has increased from 12,517,000 acres to 13,336,000 in 1943. During the same period, rye acreage increased from 273,000 acres to 277,000; oats from 1,073,000 acres to 1,156,000; barley from 490,000 acres to 665,000, while corn increased from 3,595,000 acres to 3,768,000. Of course, most of their crops were harvested this year before the allied invasion, and it is difficult at the moment to estimate what damage agricultural sections are suffering, and to what extent next year's crops will be affected. Through the extensive use of fertilizer and the introduction of new wheat varieties, Italy had become the largest wheat producer in Europe with the exception of the Soviet Union. Possibly the corn crop may not turn out to be as large as the figures mentioned above, as that crop is usually harvested during July to November. There was a rather long drought through which the crop was reported to have deteriorated. Furthermore, harvest was not completed at the time of allied invasion.

It is not contemplated that the corn loans for this year's crop in the United States will be announced prior to November 15th, and it is doubtful whether the loans will be raised above the 85% level of last year, but at the present price, corn loans will be of little consequence. The government does not anticipate that more than 20 million bu at the most will be impounded. What is of more importance to the trade in general is any further possible action which might be taken on corn, as well as ceilings on other feed grains. In more normal times, prices have been the medium which has kept the delicate balance in our economy. Flexible prices permitted both production and distribution to function. However, due to the ceiling prices which have prevailed on corn and livestock, and the tremendous step-up in our alcohol program, many distortions have occurred, causing extraordinary demands for wheat, certain other feed grains, as well as sorghums. The inability of the trade to obtain corn has been reflected in higher prices for these other commodities, With the harvesting and handling of the crop many future commitments have been made, and the effect of ceilings if not sufficiently high at this date might have great repercussions and cause severe penalties to those who were called upon to promptly handle farmers' products as harvested.

The Oklahoma weekly crop report states that 1944 seeding is about completed, although some areas report farmers continuing to drill in the dust and others replanting where stands are poor due to deficiency of moisture and low quality of seed. The Kansas report states that winter wheat in central, south central, and eastern Kansas is making fairly satisfactory growth, although the plant development is not as far advanced as a year ago. In many parts of the western section, soil conditions are too dry to permit germination of the seed. Both State reports point out that winter pasture prospeects are generally poor, with the consequence that livestock marketings are continuing at record levels.

Primary receipts today totaled 1,681,000 bu compared with 1,639,000 bu last week, and 1,348,000 bu last year. So far this week stocks at KansasCity and Minneapolis show a net decrease of 522,000 bu, which would suggest a somewhat larger decrease in the visible supply than a year ago, when it amounted to 1,145,000 bu.

The market was more of a choppy affair today, with very little new grain news of importance. There still seems to be a tendency on part of producers to hold back wheat on farms until after the turn of the year. At the close wheat was 1/2 per bu higher.

In coarse grains, there is a tendency for the trade to await possible action from Washington on ceilings, although on advances some liquidation in December rye seems to come into the pit.

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CHICAGO 4, Ill. Nov. 8, 1943.

In another week the Congress will give consideration to continuing the life of the Commodity Credit Corporation beyond December 31st of this year. An affirmative vote on this measure would prohibit subsidies or other payments in order to absorb losses for various agricultural commodities. There has been considerable controversy over this scheme as it related to inflation, and where subsidies have already been operative the idea was to keep down living costs for the consumer. All economists are not agreed that when prices are kept artificially low through a subsidy, it will necessarily stave off the inflation threat. As a matter of fact, through these economies and keeping prices at a level lower than their merit, the inflation gap has actually widened, and the pressure against prices is still very great. The speaker for the Treasury Department called attention to the fact that spendable income is now at a level of about $42 billion annually in excess of the current value of the volume of goods and services available to civilians. At this time last year it was perhaps about $33 billion. In other words, if all the present volume of spendable income were to be released on the market for available goods and services, prices might rise considerably above the present level. Many point out that since all the income which is received is not invested in bonds or in reducing indebtedness, it might be a wiser policy to permit a higher level to be paid for commodities which are scarce to the point where it might reduce materially the final pressure on prices. Moreover, it would have the effect of holding down our debt since less money would be needed from the public treasury, and thus the returning soldiers would not have to be taxed for the benefit of those citizens who at present might save a few cents here and there on their weekly food bill. At the end of the war the demand for agricultural products will undoubtedly be increased by relief needs. This will bring pressure for the raising of ceilings and the relaxation of controls in order to encourage greater production.

To what extent the world wheat import requirements would increase at the end of hostilities remains a question. British officials have prepared a long-range program but emphasize the need for maintaining output until 1947. Each year since the war started, there has been an increase in wheat plantings and further expansion has even been scheduled for next year's harvest. One of the eminent statisticians with whom the writer discussed this question in Washington recently thought that European wheat requirements in the postwar era would be considerably less than were generally talked of by trade interests. In any case, given the proper encouragement and equipment, European agriculture might recover very quickly after the war.

The visible supply was again late in being posted, but both rye and wheat stocks at Chicago decreased slightly, leaving 7,162,000 bu of wheat at this market, and 9,126,000 bu of rye.

There were some recessions early in the day, with trade inclined to be a little more conservative on the theory that wheat prices were not far from parity, and thus ceilings, if imposed, would prevent prices from rising appreciably. There had been a fair amount of moisture over the week end, with snows reported fairly heavy in parts of the Northwest, and a number of Southwest districts favored, although the extreme western third of Kansas, and Oklahoma was again skipped, and these are the regions which actually require moisture the most. In any event, with peace rumors, and a week stock market, together with a sharp break in cotton, where values were about $2.00 per bale lower, there was some liquidation here, particularly in rye. Oats and barley showed resistance to the selling, particularly the December futures, which held the strongest. At the last wheat prices were 3/4 to 1 3/4¢ per bu lower. Volume of trade was fairly good and much better than Saturday when only 3 million bu changed hands in the pit.

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CHICAGO 4, Ill.

Nov. 9, 1943.

Approximately 70% of all our food products are derived directly and indirectly from grains of all types, principally corn, wheat, and oats. The continued heavy carryovers and surplus stocks have tended to create a feeling of security, and even an acceptance of the idea that grain supplies would continue always to be in abundance, but facts do not bear out this contention. Despite a record corn crop last year, we find that stocks of corn in all positions on October 1st of this year total 373 million bu, which is 119 million bu less than a year earlier, and 272 million bu less than two years earlier. Regardless of these declines, present supplies are still considerably above the average for the years before the ever-normal granary. As a matter of fact, in the pre-drought years: namely, 1928-32, corn holdings on October 1st averaged only 164 million bu.

Conditions at the present time are far different from other periods owing to the tremendous feeding demand for all grains. When it comes to utilization, we must bear in mind that it requires approximately 1.4 lbs of grain to produce 1 lb of end product. In other words, in the manufacture of flour or cereals, efficiency is always the greatest. On the other hand, when it comes to livestock feeding, this type of processing requires approximately 7 lbs of grain to produce 1 lb of product, and this does not take into consideration pasturing. For the dairy and egg factors, it requires around 5 lbs of grain to produce 1 lb of end product, and, therefore, it is quite obvious that with an enormous animal population, and with an expanded dairy production, and probably more hens in the country than ever before, the question of feed grains has become vital. So much so that early in October the CCC in making sales of wheat limited the use to mixed feeds for dairy cows and laying hens. Even so, the demand for government wheat was quite large, and at the present time probably less than 100 million bu remains under federal control. Disappearance of all feed grains was about 35% greater during the quarterly period, July to September, of this year than last. Thus it is that our hog numbers, which were about 127 million last year, cannot possibly be maintained at that level, and goals for next year are still under consideration, with some talk that 105 million is about all that we can afford. With less incentive to feed, there have been heavier marketings of hogs, and at twenty-seven markets last week 1,082,000 were slaughtered, which exceeded last year's rate by 350,000. If a higher corn ceiling were permitted the urge to feed would lessen further and bring about a more normal relationship. The commercial demands will require about 130 million bu for wet-corn milling; probably 169 million bu will be used by dry corn millers; 12 million bu for processed cereals; and 3 million bu for butyl alcohol, or a total of 314 million bu.

Primary receipts were fairly large at 1,943,000 bu, but smaller than last week when they were 2,453,000 bu; a year ago they amounted to 1,358,000 bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 152,000 bu.

Markets were inclined to be somewhat easier during the early part of the session, but later in sympathy with higher cotton quotations and a better stock market there were some recoveries. Also a better milling demand was reported from the Southwest, with cash wheat basis at Kansas City rather firm. Final prices were 5/8 to 1¢ per bu higher.

Oats and barley were fairly firm at all times, and there does not seem to be much pressure from any source. Rye underwent further liquidation at times, with commission houses selling December, but on the recovery there was buying of the deferred months. The carrying charge widened slightly as a result of those operations. We note that in yesterday's trade, while there was some decrease in the open interest of December, it was more than offset by larger engagements in May and July.

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CHICAGO MERCANTILE EX.

November 10, 1943

With the livestock population in this country at a record high level, feeding operations have assumed such proportions that all grains have been affected in one way or another. The supplies of feed concentrates total about 167 million tons for the current marketing year, and while smaller by possibly 6 million tons than the season earlier, it compares very favorably with the five-year average,1937-41, which amounted to only 136 million tons. Generally speaking, livestock-feed price ratios are less favorable than they were in 1942, mainly because of the rise in feed prices. Butter fat and milk price ratios are relatively unfavorable to sustained milk production, although this is being partly offset by incentive payments to milk producers. Farmers are apparently aware of these factors and are ignoring the warning of WFA that its support of hog prices would be withdrawn unless marketings are more evenly spread out over the year. For the past three days hog receipts in Chicago have been in the neighborhood of 125,000, which undoubtedly includes a run from other packing centers where because of the surplus, no room could be located. This seems to be the heaviest marketings since September 1933, with the result that the support price is being paid freely for good, choice weights, ranging from 200 to 270 lbs. When our market opened this morning, feed grains were again very firm, and the trade apparently has in mind that it may take a considerable period before the complete adjustment is at hand.

Meantime, it is interesting to note some of the international developments with respect to the wheat situation. Broomhall has revised upwards the exportable surplus in the Argentine, which he now places at 145 1/4 million bu, including about 60 million bu held in chief ports. This figure has been reached after making due allowance for the quantities needed in that country for feeding purposes and for fuel. In Australia, stocks of wheat are very large, and as of October 1st were about 170 million bu. This comes to us through Sanford Evans of Winnipeg, who quotes the Canadian Trade Commissioner at Melbourne, and is probably the most accurate information that can be had during the period of censorship. It is further claimed that beneficial rains have fallen in the critical wheat areas recently, particularly in Victoria. It is obvious, therefore, that once the war ends these Southern Hemisphere countries will be anxious to dispose of their surpluses as they have always done in the past.

As for domestic problems, Washington advices are to the effect that five of the Eastern distillers are scheduled under WPB plans to reconvert in order that molasses may be used in place of grain. Through this alcohol program, it is designed to save approximately 68 million bu wheat a year, although considerable grain has already been consumed pending this change. It was thought for a time that molasses imports might prove disappointing owing to the Caribbean usage of this commodity in the manufacture of gin. Ever since the restrictions at home on the manufacture of this article, our imports have risen appreciably. Nevertheless, the stock piles of molasses have reached a level to insure continued alcohol output without returning to grain.

Primary receipts were 1,120,000 bu, which was somewhat lighter than last week, when they amounted to 1,735,000 bu, while a year ago was a holiday. Stocks at Kansas City and Minneapolis so far this week decreased 414,000 bu.

Markets were intermittently weak and strong, with no particular trend in either direction. A better flour demand arose, presumably from government business, and some hedges were taken out of the market, but were obtained rather easily. Pressure has not increased to any extent, although some of the recent buyers liquidated their lines, and thus the improved milling demand had very little market effect. At the last prices were 1/8¢ a bu lower to 1/8¢ higher.

Rye was a little weaker at times, and while the open interest in December decreased a million bushels yesterday, there seems to be no urgent liquidation. It appears less and less as though this cereal would be used in any quantity by distillers and the demand as near as we can gauge it remains largely speculative.

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CHICAGO 4,Ill. Nov. 12, 1943.

After the close of the market last Wednesday, the November government estimate was issued, and the corn yield increased 1% over October, suggesting that we shall have the second largest crop on record --3,085 million bu. While this is a reduction of about 90 million bu from the 1942 crop, it is still 736 million bu above the ten-year average, taking the years 1932-41. A large crop, however, is almost necessary, as many farmers who normally sell their grain now prefer to increase their livestock rather than to liquidate corn at the ceiling price, the latter being less profitable. On the other hand, in some deficit areas, farmers are unable to buy corn and are, therefore, selling young pigs at less than half the price prevailing last spring. This is naturally causing some hardships, and in our opinion there is a chance that corn ceilings will finally be raised in order to put them more in line with other feeds. The government also reported that the condition of pastures on November 1st was 70% of normal compared with the unusually high average of 83 on the same date last year. In the Southwest where dry weather has prevailed more or less, the winter wheat will furnish relatively little winter pasture as compared with 1942.

Looking ahead for next year, nothing definite can be stated at this time except that the acreage goals for many crops have been increased, and the government is permitting slightly over 100 million acres to be sown to corn, which would be 104% of the planted acreage last summer. As for wheat, even a more liberal policy is in effect as combined winter and spring wheat planted sowings were for 67 million acres versus slightly over 54 million the previous season, and thus a big increase is in sight if Nature is willing,with the goal 124% of last year's plantings. These increases are the most important as relating to grain except for soybeans, where the goal is for 119%. Reductions are planned for rye, bringing the percentage to 84, sorghums to 97, oats to 93, and barley to 97. Government payments to farmers continue, and for the first nine months of the calendar year $553 million was paid out, despite the fact that during the same period total receipts from farm marketings amounted to slighly over $13 billion as against $10 billion in the similar nine months of 1942.

At the present time, total wheat loans have been taken on 107 million bu compared with 266 million bu last year. During the week impoundings were less than 3 1/2 million bu, practically all new loans having been made in the Northwest and on the Pacific Coast. The four important Southwest States increased their loans only by 203,000 bu, and with prices satisfactory it is quite obvious that a larger percentage of grain is being marketed. Thus it will hardly be possible for the government to embark upon a big feeding program next season, as they will have fewer defaults and less grain under their control. There is somewhat less than 100 million bu wheat still on hand from previous seasons, but the demand is sufficiently great so that daily sales are at the rate of about one million bu, and it will not be long before these old supplies are largely depleted.

Primary receipts amounted to 2,186,000 bu compared with 1,681,000 bu last week, and 1,584,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 761,000 bu. When the visible supply is posted on Monday it will compare with last year's decrease of about 1 1/2 million bu.

Trade was not particularly active, and there is no issue at the moment. The small amount of wheat which is impounded as compared with last year, and the possibility of a ceiling dampens bullish enthusiasm Nevertheless, prices were moderately firm, with some flour business transacted, and the removal of hedges gave us a closing level of 3/8¢ per bu above the previous session. Weakness in stocks was more or loss ignored, but rye, after early firmness, reversed its action, and whil there was no important liquidation final prices showed reductions, principally for the nearby month.

Since August 1st, we have imported 45 million bu of wheat from Canada, presumably for feeding, also 17 million bu of oats, and 13 million bu of barley, or a total of 75 million bu of all grains.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

November 15, 1943

Speaker Rayburn announced that the House would start discussions Thursday of this week to extend the life of the Commodity Credit Corporation. As a rider to that bill, hinges the weighty problem of subsidies, which promises to be a most controversial issue. Many of the writers, who are in favor of this payment by the government, assume that without it we are entering upon a wild course of inflation. If this were axiomatic many economists would undoubtedly agree that a subsidy program should be embarked upon, but strangely enough many of these economists who have studied the question for a long time feel that the program will not necessarily "hold the line" against inflation, as claimed. In other words, reducing the living costs through subsidy would add to consumers' spending power, and would itself tend to be inflationary in nature. The National Grain Trade Council, which embraces nation-wide organizations, as well as 22 organized grain exchanges, has expressed its views in opposition to subsidies, and in support of legislation now before Congress. They believe that farmers of this nation want their fair price for grains in the market place, and not partly in the market place and partly as a government subsidy. They believe, furthermore, that farmers are opposed generally to any further spread of government into the farming business.

When our market opened this morning prices were somewhat higher on the theory that possibly further subsidies would be permitted, and that under these conditions prices for many articles would attain parity levels owing to the fact that consumer prices would be held down through federal funds created for that purpose. Thus, the demand for non-rationed articles might not only remain constant, but could even expand with the large amounts of money which are presently in consumers' hands.

In the meantime there is nothing further on the question of ceiling prices for feed grains, nor anything definite with respect to higher maxima corn ceilings. The impression seems to prevail in the country that the floor support price of $13.75 for certain weight hogs cannot be maintained if the volume of marketing swells as much as some expect. Last week's hog receipts at Chicago exceeded 173,000 head; this included a large percentage weighing under 175 pounds, which owners seemed anxious to liquidate in order to save feed. Now that the ceiling has disappeared, hog producers are wondering if the support price will be maintained long enough to let them out with a profit. An appeal to producers, packers, and other marketing interests to cooperate in an orderly marketing and handling of this year's record hog production was made last week by WFA. All producers have been warned to get in touch with their marketing agency before shipping their hogs, and to make sure that they could be handled.

Primary receipts today amounted to 1,759,000 bu compared with 1,965,000 bu last week, and 1,477,000 bu last year. The visible supply was again late in being posted, but Chicago wheat stocks increased 224,000 bu. Some of this may have been for the account of the CCC. There was a slight decrease in the Chicago rye stock, but this amounted to only 24,000 bu, and is, therefore, insignificant.

Markets were very strong throughout the session. The weekly government review stated that conditions were mostly favorable for growth of winter grains, except in sections of the central and southern planes, where more rain is needed. However, there are many parts of the Southwest where it has been very dry for several months, and while relieved at times by intermittent rain or snow, the crop is not getting off to a very good start. This also was the reason for some of the buying in today's market, with final prices about 1¢ per bu higher.

Rye was also quite strong, and a good many people appear to be buying this cereal on the theory that if ceilings are placed on feed grains, rye will still be comparatively free since it enjoys a very high parity price. The actual demand, however, remains slow.

Oats and barley were somewhat higher, but there was no important trade, nor any important feature.

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CHICAGO MERCANTILE EX.

November 16, 1943

In countries where both food and consumer goods are particularly scarce experiments in price control have been applied, and have played a crucial part in the war economy. History alone will decide whether merit or blame is to be attached to the various schemes which have been tried. In England the purpose was three fold: first, to assist in the restraint of inflationary processes; secondly, to facilitate a fair distribution of necessities; and finally to prevent undue profits from being made by manufacturers and traders. While, admittedly, competition is still the most effective device in keeping costs down, still the British government has gone in for controls in connection with every conceivable kind of commodity from the costing of munitions to the limitation of retail margins. Likewise, in India, such experiments have been taking place, but with much greater difficulty. The only way to end the dreadful Bengal famine was to provide sufficient food at prices which poor people could pay, but the real relief came through importations from abroad, and this at the moment is creating a more cheerful atmosphere in India's famine districts. Much more shipping must be alloted to finally alleviate the great distress, and Broomhall believes that it will require an annual importation of one million tons of grain, with an additional 500,000 tons in the first year to really solve the problem.

In our country, there are bitter debates on both sides of the subsidy question. Contestants pro and con are trying to strengthen their argument, claiming that chaos will result unless their side wins out. Opponents of the subsidy, however, argue that this artificial process is in itself inflationary, because it blocks normal price increases, which would drain off surplus money, and that in effect the subsidy system simply passes on the current food bill to another generation. Nobody has yet figured out even approximately what the cost of such subsidies might amount to, but apparently the $800 million presently being spent is hardly a starter. Thus, our federal debt would increase by leaps and bounds if sufficient commodities were included in the program.

There is really nothing very new in the international wheat situation. Some improvement in Argentina wheat prospects are reported, with the possibility that the yield might reach 250 million bu if weather remains ideal between now and harvest, but a more conservative estimate would probably place the crop somewhere between 230 to 240 million bu. In the four major exporting countries wheat surpluses are going rapidly into consumption in a far different manner than formerly. Feeding to animals is taking place at the rate of about 450 million bu per year, mainly through extra usage in the U. S. Further, 150 million bu is being utilized annually for industrial alcohol in our country, while 70 million bu has been set aside in Argentina for fuel. Therefore, the combined disappearance is about as much as the total import requirements of the world prior to hostilities. Despite all this, Canada has a surplus of some 700 million bu, and even with the dry weather in our Southwest, acreages have been increased, and no real shortages appear likely.

The CCC reports that it has 113 million bu of wheat under loan, which compares with 279 million bu a year ago same day. Not only is the quantity much smaller at present, but the price is high enough so that about 2 1/2 million bu has already been redeemed from the 1943 crop, and undoubtedly more may come out if present levels are held.

Primaries of 1,887,000 bu compare with 1,943,000 bu last week, and 1,560,000 bu last year. Kansas City stocks so far this week show a total decrease of 12,000 bu; Minneapolis decreased 140,000 bu.

Markets were rather firm throughout the session, particularly the nearby month, which seems to be purchased from time to time by millers, possibly because they figure this is about the cheapest place to acquire spring wheat. Sentiment continues bullish, and many feel that wheat will sell close to parity levels. Less attention is being paid to European developments, and at the last an advance of 3/8¢ per bu was registered, December establishing a season's high.

Other grains were firm in sympathy with wheat, and there was no special feature.

Hog marketings continue liberal, and for the past two weeks at 27 selected centers 758,000 more were slaughtered than a year ago.

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CHICAGO 4, Ill. Nov. 17, 1943.

Various news dispatches from Washington were to the effect that rising hard wheat prices had brought an administration order last night for a flour subsidy to prevent probable increases in the cost of bread. The order was in the form of a directive from Director Vinson of the Board of Economic Stabilization and was addressed to OPA, WFA, and the Defense Supplies Corporation. This move was to absorb the price squeeze on processors, which has been one of the chief complaints of millers owing to the fact that they have been hampered by flour ceilings. Those regulations were put into force at a time when the wheat price was only about 89% of parity. In the face of the present Congressional battle over food subsidies in general, it is quite significant that the administration has shown its hand, and suggests that if the present bill before Congress is approved by House and Senate, it will undoubtedly be vetoed by Mr. Roosevelt. It is thought that the cost of this flour program will amount to between $75 million to $100 million, but there is also considerable pressure for a hard wheat price maximum, particularly since that grain is approaching its parity level. Officials of OPA were reported as saying that the hard wheat ceiling may well accompany the flour subsidy, and an announcement on either or both of these measures may come at almost any time. There is naturally some confusion with the many regulations emanating from the capital, but still with the broad demand for wheat on part of distillers and the likelihood that flour business will increase as the result of these proposed subsidies, we are bound to enjoy a continued good demand for wheat.

Broomhall reports that harvesting of fair-sized crops in German-occupied Europe has taken place. The result is that the food situation in most countries on the Continent has improved, although previously we know it was at low ebb. Bread rationing has been increased to some extent, and in Rumania, for example, fine white bread, milled entirely from wheat flour, is available for all who can afford to pay for it. Germany, Belgium, Turkey, France, and parts of Yugo Slavia are also enjoying a more substantial ration. But there can be no question that once the war ends the demand for over-seas shipments will expand materially, despite some improvement in the European crop situation. We understand that there are some wheat shortages in Brazil and Portugal, and both these countries would doubtless increase their imports, although tonnage is still the big factor impeding business.

Primary receipts were somewhat smaller at 1,321,000 bu compared with 1,120,000 bu last week, and 1,305,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 564,000 bu.

Very little attention was paid to anything except the flour subsidy. Indications are that there may be a formula promulgated at any time whereby the various mills throughout the country may do business profitably. It was naturally taken for granted that the demand for wheat would improve. As a matter of fact, there were some hedges covered both at Minneapolis and in this market, which suggested that possibly such new orders were already being anticipated. July wheat lagged, despite the fact that the government weekly weather report was pessimistic in its outlook. It stated that in the dry areas in southern Nebraska and western Kansas southward wheat is poor with some additional dying reported. Nevertheless, the nearby futures were the strongest going into new high ground for the season, and at the last prices were 3/4 to 1 1/4¢ a bu higher.

Rye was also up but lagged at times, and it is becoming more evident that the cash demand for this cereal is poor, despite the big discount. The open interest in December rye is still larger than May, which is unusual. As contrasted to this situation, we find that in wheat, oats, and barley, there is almost twice as large an open interest in May as there is in the December delivery.

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CHICAGO 4, Ill. Nov. 18, 1943.

While it is only natural that certain economic controls are necessary during wartime, the fact remains that the secondary consequences of hasty action sometimes cause greater worry than if nothing had been done. Since the cessation of futures trading at Winnipeg on September 28th, Canadian methods of handling grain have become very confused. Broomhall points out that little export business has been attempted, and he gains the impression that the government, the Grain Board, and the grain trade have found it anything but an easy task to agree on the best basis for conducting the country's export business in wheat for the remainder of the war. It has been announced that prices are to be fixed for the United Nations but not for neutral countries. Seemingly, these neutral countries will bid for Manitoba wheat at prices competitive with those in the Argentine or with any other quality for which tonnage is available. At least, the Canadian government recognizes the competitive position, and Argentina is known to be anxious for orders, with the result that if more tonnage becomes available, this Plate wheat may figure more prominently in the world wheat movement. In the Argentine, where futures trading was suppressed and finally abolished, The Times, one of the leading newspapers of that country, has the following comment: "The futures market constitutes an excellent pendulum and brake for prices... If the wheat and maize markets are released from control, we may expect a much bigger export demand than prevails today, for the world price level is a good deal higher than that which gives Argentine growers a very substantial profit on their work."

Here at home, the question of consumer subsidies is being fought. Many of the proponents are picking figures out of thin air as to how high prices might surge unless action is taken. Few estimates are offered as to the ultimate expense of the program or how far-reaching it might have to be if it is intended to do its duty. Mr. Steagall, Chairman of the House Banking and Currency Committee, predicted that Congress will place a ban on such legislation this week, and also stated that if the President vetoed the ban, he would not be surprised if the House overrode it. Two days have been assigned for House debate, and a vote will probably be reached Monday.

Statistical data issued late yesterday show that more than 80 million bu of all grains had been shipped from Canada to U. S. destinations so far on this crop. Included in these clearances were 50 1/2 million bu wheat, 19 million bu oats, and 13 million bu barley. This will undoubtedly relieve the feeding situation to some extent, but in the main the farmers will have to help themselves through the liquidation of hogs and cattle, and this process is apparently already under way.

Primary receipts were 1,458,000 bu, a week ago was a holiday, and last yearprimaries were 1,041,000 bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 917,000 bu.

There has been accumulation of wheat by both processors and traders on the assumption that if ceiling prices were reached, the market might become frozen. Those, who actually need the wheat to grind (and this includes distillers) also became nervous, and at th tap of the bell this morning there was a rush for wheat futures, with the May delivery following the December, and selling at over $1.60 per bu. This is the highest price for any wheat future since August 1929. However, best prices of the day were not maintained, and there was some profit-taking. As we observe the market, we can easily understand the anxiety on part of those who have seen ceilings interfere with normal transactions in other commodities. On the other hand, there are very few shorts, and for the time being, this may create uncertainties. Kansas City December wheat sold at $1.55 3/8, and some believe that hard wheat ceilings in that market may be almost a freight differential under Chicago. Thus, we have reached a point where caution is necessary. At the last prices were about 1/4 to 3/4¢ per bu higher.

Rye was naturally up at times in sympathy with the great strength in wheat, although lagged, and the cash demand remains relatively poor. Everybody knows that this cereal is selling at a big discount under wheat, but neither distillers nor feeders are keen for it as they are for other grains.

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CHICAGO 4, Ill.

Nov. 19, 1943.

September deliveries of food and other agricultural commodities to allied representatives totaled somewhat over a billion lbs, according to WFA reports. Meats, fats, oils, and sugar accounted for 63% of the total. This would be at the rate of about 7 lbs for every man, woman, and child in this country, and considering that some commodities are dehydrated, it is actually a very large item. The British Empire received 75%; Russia 21%; North Africa 3%; West Africa, Greece, Martinique, and Poland combined 1%. One naturally would wonder why North Africa figures soslightly in those calculations, but the answer is that she is becoming more nearly self-sufficient, largely due to allied rehabilitation measures.

When our market opened this morning prices were very firm. There were further dispatches from Washington to the effect that a flour subsidy had been arranged, and while all the details were not given at this time, it is apparent that the RFC will actually handle the funds in making up deficits to millers who are hard pressed, owing to the flour ceiling. This was about as had been expected, and therefore, did not have a great deal of market influence. There were other advices, however, that ceilings on feed grains except for wheat used as feed might be announced toward the end of the week. As a result oat prices were somewhat lower, but there was no important liquidation.

A good many people have been expecting that a higher ceiling price would be permitted for corn, but nobody can be altogether sure that the OPA or the other agencies will agree to upping the price. It is unfortunate that the matter is not better understood. The peculiar thing is that it is not the holders of corn who are lobbying in Washington for relief, but rather eastern buyers, and others unable to get their supplies who have become desperate, and if unable to obtain feedstuffs will have to liquidate their animals. In Iowa, with a crop of 641 million bu, probably half the crop is already in, so that by the 1st of December in ordinary times we might expect a reasonably good movement. During December and January, stocks of corn at terminal points are generally built up, and it is very much the same as in wheat where a post-harvest movement takes care of commercial interests. In our opinion, an advance of 20¢ per bu in corn ceilings by November 1st would have been very helpful, and could easily have corrected a bad situation with respect to all feeds. Those who are familar with conditions feel that if Washington waits until next February to take action, it might require a 40¢ upturn to accomplish the same results. Thus every day's delay will not only help in dissipating supplies but will also tend to create further artificiality for substitute grains. We are very much afraid that unless effective measures are taken very soon, by the time processors are actually pinched and relief is afforded, it may be too late to accomplish much good. In that event, those who have been against a moderate price rise early in the season will be in the "I-told-you-so" class, and will be right in their statement but for the wrong reason, because of the fact that corn which moved during the normal period was either cribbed or fed to animals at a time when a larger percentage should have been marketed.

Primary receipts amounted to 1,581,000 bu compared with 2,186,000 bu last week, and 1,246,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,173,000 bu. When the visible supply of wheat is posted on Monday it will compare with last year's shrinkage of slightly over 2 million bu.

Markets were rather firm, and there were withdrawals of December wheat apparently for mill account, but yet the deferred months held their own pretty well, and on the theory that ceiling prices may be reached for all futures the July delivery is coming in for more attention. This, particularly so with dry conditions continuing Southwest. In the Texas Panhandle considerable wheat is dying for lack of moisture, and while some additional seeding is going on the top soil at least remains very dusty. At the last there were advances of 5/8 to 1¢ per bu, but outside markets were relatively less firm, because it has been suggested that ceiling prices at Minneapolis and Kansas City may be at a full shipping difference under Chicago.

Oat prices rallied from early weakness. The hog-corn ratio this week is 12.8 at Chicago compared with 13.4 last week, and 17.3 a year ago. Hog slaughterings at principal markets are running considerably over the five-year average.

Rye was bought by those who feel that there is greater room for expansion if other grains are curbed by ceiling levels.

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CHICAGO 4, Ill. Nov. 22, 1943.

After the close of the market on Saturday, a good many people were inquiring as to the sudden upturn in wheat prices, and the answer was to be found mainly in government buying, with purchases of wheat for feed taking place in various markets of this country, and this had been a rather unexpected move. At a time when the CCC was still in possession of 90 to 100 million bu wheat and was trying to combat inflation, with ceiling prices threatened for hard wheat and for Durum wheat, it seemed rather peculiar that prices should be stimulated with the resultant removal of hedges from the various pits. There is more talk about methods of avoiding inflation, and the powerful House Ways and Means Committee told the administration on Saturday to cut down spending if it wants to block rising prices. This was the Congressional answer to higher taxes which had been demanded, and they stated rather strongly that they would listen to no more treasury pleas for additional taxes until the government had cut its own spending. In other departments emphasis has been placed mainly upon the question of subsidies. The proponents seem to have as their main argument the necessity of using federal funds, so that prices will not rise out of all proportion with what the consumer can stand. This seems to be a rather peculiar argument for the reason that the Federal Reserve Bank itself has restricted time payments, believing that consumers should pay for the bill now instead of delaying it for a later date.

It might be interesting to note that, according to the official estimate at Washington, if all price subsidies were abandoned, retail food prices would rise only about 7% and the total cost of living about 2.75% above the August level, or to a level 26% above January 1941. It is rather apparent from these figures that most of the damage, if damage has been done, was accomplished before now, and for that reason we personally do not see the urge to start an additional spending program without giving more attention to where the money will come from and what the ultimate effect is likely to be. In a vigorous speech on banning subsidies, Representative Kleberg estimated that the total per capita benefit of such a subsidy program would be $6.32, and said that he was not ready to sell his birthright so cheaply. If these latter figures are correct, it would mean that the total saving effect would be some $800 million, whereas it is planned to spend probably $1 1/2 billion at the start, and possibly more if all commodities are taken under a protective covering.

When our market opened this morning, prices were rather firm for all grains. There was some hesitation in July wheat owing to the fact that some rains are forecast for the Southwest, and the weather map looks as though there might be relief by Tuesday night.

The wheat market was rather a strong affair from start to finish. At times July wheat was under some pressure, with realizing on part of longs, and it was said that the rains in Illinois had improved conditions, with the result that the plant now shows about average. Besides this, there is an improvement in pasture conditions. Nevertheless, buying for distillers, and additional purchases in the Northwest, presumably for government feeding operations, seem to have been rather persistent, and at the last there was an advance of about 1/2 to 3/4¢ per bu. December wheat which was covered against cash wheat sales gained on the other months, and this also widened the premium as compared with May and July wheat.

Barley and oats were fractionally higher, but the proximity to the proposed ceiling levels prevented much speculation. It seems what enthusiasm there was went into the rye pit on the basis that there is a much greater span on the up side if trading in other grains is stopped because of maxima prices which may be announced at almost any time. It was also considered possible that some rye may be used for the manufacture of beverage drinks, although there has been nothing certain except that the administration is anxious to prevent a traffic in bootleg whiskey.

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CHICAGO 4, Ill. Nov. 23, 1943.

The heaviest aerial bombardment in history was delivered on Berlin last night, and the attack suggested that even with the oncoming of winter, there would not be the normal slackening of the British-American air offensive for which the Nazis doubtless were hoping. War news, however, had very little effect upon our market, although it opened somewhat lower, despite the fact that rains which were expected Southwest failed to materialize, and for the next twenty-four hours at least, it looks as though dry weather might continue.

In a general way feeders of the country are continuing to suffer due to the adamant policy in connection with changing corn ceiling prices. The Representatives of ten eastern States: New York, Maine, Maryland, New Hampshire, Vermont, Massachusetts, New Jersey, Rhode Island, Pennsylvania, and Connecticut, issued a joint statement yesterday as follows: "The flow of corn has been and is now blocked by artificial price relationships. The government-guaranteed floor space under hogs and the government ceiling on corn have made it impractical for the western farmer to sell his corn to eastern markets where it is required for milk and egg production." Mainly due to shortage of quality feeds, production in October was off 7% from a year ago in New York and 15% in Rhode Island, with similar decreases in other States. The conferees have decided to report now to the governors of their respective States in an effort to re-establish a flow of feed into the Northeast, which will protect milk and egg requirements of the one-third of the country's population living in that territory. It is, of course true that wheat, barley, and rye and other substitutes are available, but apparently this is not doing the work properly, and it is felt that the feeding of wheat, which momentarily is plentiful, may finally reduce it to dangerously low levels, and thus cause further repercussions to the one grain which seems to be the country's only reserve of non-perishable food. While having made a symbol of corn, the CCC continues to buy wheat for feed in the Northwest at about $1.60 a bu. Some of this is going into far southeastern sections of the country, paying big freight rates and tying up transportation. The cost of the freight is absorbed by the government, and the wheat is finally sold for about $1.13 a bu, while corn prices are being held at the artificially low level of about $1.07 a bu. There have been many suggestions from Washington that because of the great pressure, not only from the country at large, but by many officials of the various governmental departments, that a substantial increase in the price of corn might be allowed, but each day of delay helps to create a crisis in the final analysis, because this is the time of year when corn should move from the farms rather than to be entirely cribbed or fed at home.

WFA now figures that somewhere between 175 and 180 million bu grain will be imported into this country from Canada. This slight increase over earlier estimates is occurring due to favorable shipping conditions. However, these imports will consist mostly of wheat, oats, and barley, so that corn refiners can expect little immediate help from the CCC, in augmenting their supplies. The daily consumption of corn by refiners is estimated at about one million bu a day.

Primary wheat receipts today were quite large, and amounted to 2,057,000 bu compared with 1,887,000 bu last week, and 1,362,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 342,000 bu.

At times our market here developed weakness, particularly rye, but there were recoveries. On the whole, important interests were inclined to stay rather close to shore. The International News Service reported from London that the House of Commons met in secret session today, and while no reason was given for the closed meeting, the heavy bombing over Berlin made it apparent that events of momentous import will probably be discussed. At the last wheat showed a decline of 1/8 to 1/2¢ per bu.

Feed grains were rather indifferent, and threatened ceilings continue to cause uncertainties. Locals in the rye market bought December and sold May. The large open interest is difficult to understand this near to delivery time, and while the open interest in December declined about 3/4 million bu yesterday, there seem to be both longs and shorts who are rather slow in evening up commitments.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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NEW YORK COCOA EXCHANGE
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141 W. JACKSON BLVD.

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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. Nov. 24, 1943.

It seems that whenever anyone resorts to exaggerations and overstates his case, it weakens rather than strengthens the argument. This, in our opinion, may have contributed to the House vote late yesterday in banning subsidies, for it must be clear to any thinking person that the claim made by some proponents of subsidies was completely out of line with reality. Take for example, one statement that the ban if enacted would add $15 billion to the cost of the war through higher prices and rents, and through an increase in the national debt. By the very figures given out by OPA on the eve of the House debate, it was stated that the proposition, if enacted, would mean an over-all increase in living costs of only 3% and a rise in food costs of 7%. Nevertheless, there are still uncertainties as to whether H. R. Bill #3458 will finally become law, since it is almost certain that even passage by the Senate will bring a Presidential veto, and it is not so easy to get two-thirds majority in both Houses under those circumstances. According to Section 3 of the proposed law as drafted, "No funds appropriated to, borrowed by, or in the custody or control of any governmental agency (including any government-owned or government-controlled corporation) shall be directly or indirectly used by or made available to the Commodity Credit Corporation to make any subsidy or other payment, or to pay or absorb losses on any agricultural commodity or any commodity processed or manufactured in whole or substantial part therefrom, etc., etc." We have quoted this since there is some doubt whether under this wording the wheat feeding program could continue as at present.

Today again there were fairly good wheat purchases made in Minneapolis, and it is thought by some interests that the grain bought by a cooperative is for account of the CCC in order to carry out a program designed to afford cheaper prices to feeders augmenting the quantities of wheat already on hand, which were largely obtained through defaults from previous years. It is probably fair to say that the government sustains a loss of 60 to 75¢ a bu in making available wheat for feed, while corn prices are not permitted to rise above the ceiling of $1.07. Thus, we have one of the most artificial situations in the history of the grain trade. Meanwhile, hogs are coming to market on a heavy scale. Last week 270,000 more were marketed than in the corresponding period of 1942, and in Chicago this morning "government-weight" hogs were steady but others were 10 to 25¢ lower, with the bulk selling from $13 to $13.75. So a great many producers are not actually receiving as much as the floor level intended for certain grades.

The government weekly weather and crop report stated that temperatures were mostly favorable for small grains, especially in the Northwest, and that snow cover had afforded protection from cold the first of the week in the upper Mississippi valley. This has practically all melted now, but there is a general need for moisture in most sections, except in the Northeast, and the situation is especially critical from southern Nebraska and western Kansas southward over much of the Southwest.

Primary receipts were quite large at 2,356,000 bu compared with 1,321,000 bu last week, and 1,308,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 583,000 bu.

The trade was fairly active, and weakness developed in wheat, without really much selling taking place. Minneapolis December led the decline, and a good many people are hesitant about making new commitments on the constructive side of the market, fearful that not far from present levels ceilings may be announced by the government. At the last declines of 1 to 1 3/4¢ per bu were registered.

Rye was somewhat lower, but the selling was mostly in the deferred months. December rye was very strong and went to a slight premium over May, despite large stocks here in Chicago. For the past two or three delivery periods certain interests have accepted cash rye on contracts, but to our knowledge not much of this grain has either been consumed or sold. Should the same tactics continue, it may have an important bearing upon future developments.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. Nov. 26, 1943.

There are continued reports that the government may soon raise ceiling prices on corn in an effort to encourage its movement from the Mid-west to certain feed shortage sections of the East, the South, and the Far West. Plans have been considered since last March, and many people, even in the Department of Agriculture, have told us from time to time that in their opinion it was the only economic method of handling the matter without having supplies dissipated, yet other considerations were given preference, and it is apparently a very complicated affair to agree upon a price which will satisfy all interests. As we view it, every day's delay will make it worse, and the time to accumulate corn surpluses at terminals is when the movement is on, and before the corn is put into cribs, which would take a greater inducement to make the farmer sell it at a later date.

There is a great deal of grain coming in from Canada for feeding purposes, and since August 1st nearly 56 million bu wheat has been shipped to this country, together with 19 1/2 million bu oats, more than 13 million bu barley, not to speak of 3 1/4 million bu flax. Nevertheless, we have so many animals on feed that it requires vast quantities, particularly in the sections that do not produce their own supplies. Despite the artificial relationships, the Chicago corn-hog ratio on November 20th was 12.7, showing a fractional decline from the previous week, and compared with 17.4 for the comparable week last year. Thus, it is not as attractive to carry on these feeding operations as previously, particularly with labor shortage, and the result has been that the stockyards in the important centers had a much bigger run recently than normally.

Less attention has been paid by the grain trade to war news and "peace jitters" than has been the case in the securities market. A friend of ours pointed out that the discounting of the defeat of Germany and the early return to at least a partial peacetime economy have generated a constant drumfire of statements by politicians, economists, businessmen, and others in regard to prospects for the post-war period. These predictions range from a high degree of prosperity to depression depths, accompanied by an unemployment crisis so grave that our form of government and our way of life will tremble in the balance. The grain trade, however, has felt that wheat loans would be extended for two years beyond the end of hostilities, and thus we might have an artificial price level for wheat, regardless of what the economy of the country might be. The fact remains that there are still sizeable surpluses in exporting countries, such as Canada, Argentina, and Australia, and these external factors may leave us completely isolated except for possible imports, if our feeding program should be extended beyond this coming year.

We note that Steamer Prince McKinney cleared at Fort William with 268,000 bu rye destined for Chicago, and likewise, Steamer Bayton, with 270,000 bu, is headed in this direction, together with Steamer W. D. Calverly with 235,000 bu, and as near as we can figure out, there may be about 2 million bu rye headed here fromDuluth, Fort William, and Port Arthur probably to fulfill positions on December contracts. There are already 9 1/4 million bu rye in this market, but apparently it is not sufficient to satisfy the present open commitments.

Primary wheat receipts over the holiday amounted to 2,479,000 bu compared with 1,581,000 bu last week, and 1,522,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 877,000 bu. The shrinkage in the visible supply on Monday will compare with last year's decrease of about 2 1/2 million bu.

After mid-session the House Ways and Means Committee approved a resolution to suspend all duties on importations of wheat, oats, barley, rye, cottonseed, flax, and hay for ninety days. This measure was previously approved by the WFA apparently to encourage larger imports for feeding. While this legislation is just in the first stages, and nobody can tell even if enacted to what extent transportation would be available, there was selling first in oats and later in other pits, with the results that general declines took place. Moisture in the Southwest, with more likely, also caused some selling of wheat, with final prices 1 3/8 to 2¢ per bu lower; July wheat was weakest.

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CHICAGO 4, Ill.

Nov. 29, 1943.

Earlier in the month, we celebrated the 25th anniversary of Germany's sudden and unexpected collapse. This likewise must have occupied public opinion in all the belligerent countries, and there seems to be greater hope now amongst the peoples of the allied nations that something similar may take place before long. We are promised great diplomatic pronouncements in the near future, and while many people are still dubious that Germany will collapse without her territories being invaded, the recent bombings have done much to lower morale, and even in Germany the leading Nazis have not forgotten November 1918. They are becoming less sure that history cannot repeat itself. This has had some effect from time to time upon commodity markets, although Secretary of State Hull branded as false peace rumors and said that they were being circulated by enemy sources to create over-confidence among the allies, and thus impair the allied war effort.

Meanwhile, we must contend also with day-to-day factors, and it is considered likely that the flour subsidy program will shortly be announced from Washington, and this may encourage additional milling business, although to some extent it has already been discounted. In the final analysis it is the amount of free wheat which we shall have at the end of the season, and insofar as our domestic consumption is concerned, that has been pretty clearly outlined, with the rate being somewhat larger than normal owing to the added requirements from the armed forces and the better living standard of many of the previous low-income groups. It is too early to have definite figures of our probable reserve stock next July. The government at various times has estimated that between 250 and 300 million bu would be remaining after giving due allowance for the extra amounts needed for alcohol manufacture and for feeding purposes. Should the war end suddenly, exports might increase, although with the heavy surpluses in other nations and prices more reasonable, this hardly seems possible. In any case, the percentage of free wheat might be comparatively large. Last week 2,384,000 bu wheat was placed under loans, but practically the same amount was redeemed. The result is that net impoundings for the season are only 115 million bu; last year same date 325 million bu had been frozen. There is still another month during which time loans may be taken, but with the high price prevailing, farmers will not avail themselves of government help at a rapid pace, and later on if present price levels are maintained, heavy redemptions may also occur.

Very little moisture was reported in the Southwest over the weekend. Last week, the Texas Panhandle had some relief and it covered a rather large territory, ranging from 1/2 to 3/4 inch from Amarillo to Plainview; also, about the same around the Hereford territory. Rain or snow fell from Amarillo east to the Oklahoma line, but more moisture is needed to germinate wheat.

There are some rather interesting developments with respect to rye. Rather substantial deliveries were made here in May, again in July, and also in September. There is about 9 million bu in store in Chicago. Very little has been ordered out, and cash demand remains indifferent. Approximately 4 million bu is now headed toward Chicago, mostly by boats from Canada and from the Northwest. When this all arrives, we shall have 13 million bu rye here, some of it afloat, or not quite half as much as was raised, the government estimating the crop at 33 million bu.

Primary wheat receipts of nearly 2 million bu were the same as last week; they amounted to 1,263,000 bu last year. Visible supply figures were late again in being posted. At Chicago, wheat stocks decreased 248,000 bu, leaving about 6 1/4 million bu here. Local rye stocks went down 20,000 bu, and in addition to the 9 million bu of domestic rye, there is also 1 1/4 million bu of Canadian rye here in bond.

Markets were intermittently weak and strong. There is no particular pressure from any source, but likewise not too much enthusiasm to buy, with the possibility of ceiling prices 3 to 4¢ per bu away. The nearby future was comparatively strong during most of the season, and at the last wheat prices were unchanged to 1/2¢ per bu higher.

Oat premiums declined fractionally, and with the possibility that corn ceilings may be advanced, there is less trade on the constructive side of feed grains.

Barley and oats were both lower.

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CHICAGO 4, Ill.

Nov. 30, 1943.

Flour subsidies which have been discussed for many weeks were finally announced yesterday afternoon. They range from 5 1/2 to 16¢ a bu, and will be paid to millers on the wheat which they grind into flour after December 1st. Established rates will be effective until further notice, and this plan was evolved so that millers would be enabled to pay as high as parity price for wheat and still be able to sell their finished product at a profit, despite the flour ceilings which previously had been invoked. As we understand it, the Reconstruction Finance Corporation has been requested to provide funds for the payment of this subsidy and to administer the program.

This had very little influence upon our market at the start, although some business which previously could not have been worked profitably seems to be taking place, and unquestionably there will now be a resumption in the demand. On the other hand, there is no reason to believe that there will be a tremendous rush to buy for the reason that the bakers are practically assured that they can get their supplies at ceiling prices or less. Also, it is a fact that the American people will not consume greater quantities as the result of this subsidy, and we believe that the previous estimates given for domestic usage are correct. In our own calculations, we have made ample allowance for home consumption. Nevertheless, there were other factors which appeared to be somewhat bullish. One of these was an unfavorable crop report from the Southwest issued by the Santa Fe Railway, and because of dry conditions they feel that looking ahead to 1944, acreage will be smaller than was originally contemplated owing to a dry seedbed, and also that the crop failed to germinate properly in many sections for the want of moisture. They say that the sown area in Kansas is only 15% higher than a year ago instead of the 34% increase which had been sanctioned by the administration. These are all factors which cannot be taken too lightly, particularly since our domestic consumption is proceeding at an unprecedented rate, and for the third week in November, the CCC sold about 7 million bu wheat for feed, much of this being necessary because of the inability of feeders to get corn. The government now has 84 1/2 million bu wheat on hand and acquired 2 1/2 million bu last week in the open market. Thus at the present rate of disappearance, these reserves may be rapidly dissipated unless something is done by way of raising the corn ceiling, thereby making the yellow cereal more easily available in districts which normally import feed. WFA today promised an upward revision in corn ceiling prices within a few days.

The question of general subsidies has not been definitely settled, nor do we know exactly when the Senate will vote on the issue. Many people still believe that the subsidies which the administration proposes may not accomplish their purpose except by shifting the burden of rising prices from consumer to taxpayer. As one famed economist points out, "Some people still have to learn that the people of the United States will have to pay for a $300 billion national debt. It will have to be paid for either by a run-away inflation, or 'through the nose,' and in the latter case more taxes will be needed to balance the budget, and not more expenditures to unbalance it."

Primary wheat receipts were quite heavy at 2,337,000 bu compared with 2,057,000 bu last week, and 1,410,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 348,000 bu. The open interest in wheat showed a marked decline yesterday, with only a little more than 38 million bu open for the four futures; this compares with a record low of 25 3/4 million bu made just about a year ago.

Wheat prices were reasonably firm all during the session. The December delivery touched $1.65, making a new high on the crop, but with estimated tenders of about 200,000 bu there was some profit-taking, and at the last values were about 5/8 to 1 1/8¢ per bu higher for the day.

Rye was weak at times, but finally sympathized to some extent with higher wheat prices. Heavy deliveries are anticipated, but the same houses which had been prominent on the long side of the market during previous delivery months seem to be stopping rye again, and nobody can be sure what their motive is in view of the indifferent cash demand.

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CHICAGO 4, Ill. Dec. 1, 1943.

Late yesterday new parity prices were announced for November, and there was an advance of 1¢ a bu in the wheat price to $1.48, although not much change elsewhere. This did not have much influence on the market. Probably more attention was directed to the pessimistic crop advices from the Southwest, where it has been very dry, and according to the government weekly crop bulletin, some wheat has not yet germinated in western Kansas, where there seems to be a threat of soil erosion due to dryness. The weather forecast is a little more hopeful, indicating that light rains may be experienced in Kansas, Missouri, and Oklahoma, but little attention was paid to the latter item.

There was also a somewhat bullish sentiment, stimulated by the fact that yesterday's heavy deliveries of rye and those in wheat were largely stopped by one commission house; therefore, there was no particular pressure from any weakness in the cash futures. As nearly as we can judge, there has been about 2 1/2 million bu Canadian rye shipped to Chicago or is in transit, and probably could not have been possible except for the very high prices which have prevailed here with speculation undoubtedly occasioned by the comparative cheapness of rye to wheat. A good many people are probably figuring that when the war is over those European countries which were formerly large rye eaters will come here for their supplies, particularly since there is a price differential of about 45¢ a bu between wheat and rye. Looking at it in another way, our rye does not appear to have the same merit if we compare it with competitive values in other countries. Take for instance, Canadian wheat, representing a 60-lb cereal, which is selling for about $1.20 in Canadian currency. This means about $1.08 in our money and is, therefore, cheaper than Chicago rye, which is only a 56-lb cereal, and which would have to pay shipping costs to the seaboard if it were to be exported. We also call attention to the fact that Argentine rye is offered at 52 to 53¢ FOB at various Argentine ports for March shipment, and the prospects are for a very good crop. In most years, however, half of it is never harvested, as animals are turned into the field and it is used for green fodder, but, nevertheless, the exportable surplus is estimated at 20 to 25 million bu. Should the war be over within a matter of months, we can easily see where we might be called upon to absorb supplies from South America. In any case, it is almost a certainty that whatever European demand might arise would center in Argentine grades where the price is so much more attractive.

With the less favorable corn-hog ratio, November hog slaughterings reached a new record high for any month, approximating 7 million animals, according to the American Meat Institute. This is 42% over the October figure, and locally we are told that 10,000 hogs were held over from Tuesday night, with fresh receipts estimated at 24,000. Most packers at Chicago have enough hogs on hand for two or three days' slaughter. It is quite apparent that we shall not continue to feed the large numbers now on hand, and it is fortunate that farmers are sufficiently farsighted, as we doubt whether we have raised enough feed to carry on such an extravagant program.

Primary receipts were smaller at 1,622,000 bu compared with 2,356,000 bu last week, and 1,054,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 731,000 bu.

Wheat futures were rather firm during most of the session. New high levels were reached for the season, although best prices of the day were not maintained as there was some profit-taking. The Millers National Federation pointed out that unless the use of wheat for cattle feed and production of industrial alcohol is curtailed immediately, there will not be a sufficient amount of human food. This may have stimulated some buying also, and at the last prices were about 3/8 to 1¢ per bu higher.

Rye was very strong the early part of the session, but eased off with selling orders coming into the pit. Deliveries were on a smaller scale, but it must be borne in mind that if people are buying this cereal because it will ultimately be wanted by Europe, they could probably save 12¢ per bu on the import duty by making their purchases in Canada, as the rye coming in here from Canada will have to pay that tariff if it is first taken out of bond.

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CHICAGO 4,Ill. Dec. 2, 1943.

The domestic demand for farm products continues strong, and on November 15th, the index stood at 163, which was 46 points above a year ago. This was the twelfth successive month in which a rise was recorded. The sharp decrease in meat animal, and cotton prices during the past month were offset by gains in prices received for truck crops, dairy products, eggs, potatoes, fruits, and most grains. Looking at the situation objectively, the farmer should be very well satisfied with his status. Those who favor subsidies and believe that ceilings will be more effective under such a program continually point out that it is necessary to resort to this artificial method in order that labor may be better satisfied. The truth of the matter is that if we make a comparison with the five years just prior to hostilities, we find that the average industrial worker's income has increased about 85%, and in the same period the Bureau of Labor statistics of the cost of living has gone up less than 25%. This is confirmed in the purchasing power notably displayed in Christmas shopping, which started fully a month earlier than normal. The average person is not asking so much the cost of articles but rather whether they are available, and if they can be purchased without points.

The 1944 acreage goals announced November 11th call for a 4% increase in the total crop areas, and substantial increases in plantings of wheat and oil seeds over 1943. The wheat goal of 67 million acres is one million acres less than the one announced on July 13th, but in reality may be considerably smaller, owing to the fact that dry soil conditions in the Southwest have hindered normal operations. There was not much moisture overnight, and to that extent yesterday's forecast was disappointing. However, the extreme western sections of Nebraska and Kansas reported some snow, which will undoubtedly be helpful in that district.

Another cargo of Canadian rye is headed for Chicago, making over 3 1/4 million bu which will have been imported if all the boats arrive here before the close of navigation. Some people believe that the present large holders of this cereal are bullish on the post-war outlook, believing that maybe the UNRRA may give away large quantities to suffering and war-torn European countries. Should this relief agency come into the American market and buy the rye at prevailing prices, naturally those who had been sufficiently farsighted in their operations would be rewarded. But it is our thought and conviction that if these purchases are made, an attempt will be exercised to purchase rye in the cheapest market and not in the highest. Winnipeg December rye is selling at about $1.16 in Canadian funds, or approximately $1.04 in our money. Would it not be more economical to buy it at Ft. William and Port Arthur instead of shipping it first to the United States and paying a 12¢ import duty, and then re-exporting the grain? With many foreign nations participating financially in UNRRA, is it not mandatory to buy at the lowest possible levels? This might relate equally to the Argentine, where seaboard prices are about 53¢ a bu and where a crop of 55 million bu is estimated, such a harvest providing possibly 25 million bu for surplus.

Primary receipts were 2 1/2 million bu, a week ago there was a holiday, and last year they amounted to 1,144,000 bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 932,000 bu.

Removal of hedges by milling interests gave us firm markets early, but there were some recessions due to profit taking. While it is true that we are more or less on a domestic basis, due to the continued heavy feeding, we cannot completely overlook the large prospective crop in Argentina, estimated at 312 million bu --an increase of 77 million bu over last year. Despite large quantities of wheat fed or burned for fuel there is still about 140 million bu surplus, with four weeks left before the new crop is ready to market. Australia' crop, estimated at 89 million bu, is considered too low by private observers, but regardless of how poor results may be, a carryover of close to 160 million bu will place them back in the surplus category. At the last prices here were about 3/4¢ per bu higher on December wheat, and 1/4¢ on May.

Rye eased slightly, with the nearby delivery showing most of the weakness.

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CHICAGO 4, Ill. Dec. 3, 1943.

The feeding situation has assumed such importance in this country that practically all grains reflect the extent to which consumption improves or diminishes. BAE figures that as a partial offset to the general tightness which faced us more wheat will be fed to livestock in the current season than was the case a year earlier. It is estimated that for the year which began last July, about 480 million bu wheat will be used for livestock feed, which would include CCC sales of both domestic and imported wheat, as well as producers' own supplies fed on the farms where grown, and also the small quantities of wheat purchased by feeders in the open market. Formerly, our total wheat grindings for the American people did not exceed this figure by a big margin, and when it is considered that an additional 100 million bu or more is used for alcohol distillation, one naturally begins to wonder what the situation may be a year from now, if crops turn out below average. This of course, is a possibility, particularly since conditions in the Southwest have been anything but propitious, and in Kansas much wheat which germinated in the western and north central part of the State continues to be in a critical condition, with some plants dying due to lack of moisture. There is also considerable acreage where the plant has not yet germinated, and probably will not until additional moisture has been received. Some snows were reported in the extreme western sections of Kansas and Nebraska, but the areas benefited were too small to receive much recognition, and the immediate forecast is not too hopeful.

Last season about 318 million bu wheat was fed, and many farmers, who previously may have considered it a sacrilege to use human food for animals, have overcome their scruples on the subject, particularly since it was considered patriotic to produce animals for the war effort. At the moment the government does not have much over 80 million bu wheat to dispose of, and, therefore, it is almost a certainty that something must be done with respect to corn prices, so that larger quantities may be marketed. Production of feed grains in 1943, including grain sorghums, is estimated at 116 million tons compared with 124 million tons produced in 1942. Total disappearance in 1942-43 amounted to about 126 million tons, and thus it can be seen that we were eating into our reserve and shall not be able to continue the present program regardless of how anxious we might be to continue a large population of hogs and other animals. The fact of the matter is that the farmers are fully cognizant of this situation, and as a result record hog receipts are jamming most of our domestic markets. WFA announced that receipts in the twelve principal centers for the first three days of the week were 50% above those of a year ago, and urgent requests have been made to producers and shippers to check with marketing agencies before sending their animals on to packers.

Little is heard of the progress on the subsidy issue. One important argument against their use is that they clearly limit and possibly destroy the significance of prices. Ordinarily when higher prices prevail consumption is restricted. At the present time we are trying to curtail consumption of certain products, and if we hold the price level down, the only way we can really get results is to rely upon direct government control of our consumption.

Primary receipts were 1,887,000 bu compared with 2,479,000 bu last week, and 1,026,000 bu last year. Kansas City and Minneapolis stocks so far this week show a decrease of 1,217,000 bu. When the visible supply is posted on Monday it will compare with last year's decrease of 2,141,000 bu.

Trade today was only mildly active. There continues to be a fair milling demand; some of the companies are rather conservative in their sales policy owing to the fact that the flour subsidy program is on a thirty-day basis. Therefore, consumers are limited in the quantity which they can buy, as no one can be altogether sure that subsidies will continue to be a part of the permanent program. Last prices were 1/8 to 5/8¢ per bu higher.

There was not much feature to the other pits. Rye at times was moderately strong, but there seems to be a little liquidation in the December future, although there still must be many long lines held intact.

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DAILY MARKET LETTER

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CHICAGO 4, Ill.

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CHICAGO MERCANTILE EX.

December 6, 1943

The long-awaited increase in corn ceiling prices came over the week-end, with an announcement that the price at Chicago was raised to $1.16 a bu for number one or number two yellow corn, also mixed corn, and a premium of 15¢ per bu for white corn. The prevailing discounts for lower grades and also for higher moisture quality corn shall be generally in line with established trade principles. It is too early to say at this point whether an increase of 9¢ a bu will bring out much corn and whether the situation has been definitely relieved. Unquestionably there will be some corn moving from the country, particularly where it had been in store, held by country elevators and where the advance is tempting to those who had been fearful that no leeway might be granted. However, those who have administered this program gave ground rather grudgingly, and in keeping with the "hold-the-line" policy did not wish to permit corn prices to go a cent higher than the possible ratio between corn and hog prices, with the result that there may still be a holding tendency on part of farmers. Therefore, the purpose of getting corn freed for commercial purposes may not find fulfillment.

There were other bullish implications in the Washington orders. While they specifically referred to the freeze on oats and barley, it appears that they had in mind temporary ceilings for these two grains, with final maximum prices to be announced within the sixty-day period. They stated that a higher price could not prevail for number three white oats than 80 1/2¢ a bu, which apparently was the level at which transactions had taken place on Saturday. Likewise, for number three barley, the maximum level was $1.26 a bu. No specific mention was made for futures transactions, but since number two grades are deliverable here on contract, the Board of Trade interpreted this to mean that December oats could sell as high as 82¢ and December barley as high as $1.28 a bu. At the same time, the government announced that prices for feed wheat would be raised 20¢ a bu. This translated to prices at the farm means $1.26 a bu, and it had a decided influence upon rye prices, with the trade feeling that if feed wheat would become scarcer, probably greater amounts of rye might be fed. It is probably a fact that on the smaller quantities of government feed wheat remaining, mostly poultry dealers would be affected, but in a general covering movement all grains tended higher. There was some hesitation after the opening for the reaso that WFA officials stated that at the end of the sixty-day "freeze", which was to hold oats and barley at the highest prices prevailing between November 29th and December 3rd, that OPA would establish ceilings at parity for these grains. They have been selling considerably above.

Very little attention was paid to unexpected moisture which was reported in the Southwest --nearly 1 1/2 inches of rain fell at Fort Worth, about 3/4 inch at Enid, Okla., possibly 1/2 inch at Amarillo, Texas, taking in parts of the Panhandle. It also extended Northward to Topeka, Kansas, Hutchinson, Wichita, and Salina. According to the forecast more is possible. In spite of this July narrowed its discount on May and sold at a season's high level.

The trade had many things to concern its attemtion today. At noon, our time, results of the Roosevelt-Churchill-Stalin conference were made public. While there was complete agreement on all plans to smash the German army from three sides, there was no appeal to the German people, nor any mention of a second front. Naturally, details of any military decisions were undisclosed, and there was nothing specific concerning post-war developments, boundaries, or general declarations, except for the reference to the principles of the Atlantic Charter, and the desire to recruit a world-wide family of democratic nations.

The visible supply showed a large decrease amounting to 6,179,000 bu. It is now nearly 85 million bu smaller than last year. Chicago stocks decreased 877,000 bu, leaving 5 1/2 million bu here.

Trade was naturally nervous, and there were several inconsistencies in the maximum price order. For example, the ceiling for barley at Minneapolis was 5¢ per bu higher than Chicago; at most times we derive our grain from the Northwest, and it can only be shipped here if our prices are at a freight differential over Minneapolis. Nevertheless, there was a considerable short covering in most pits, although on the advance profit-taking also set in, and nobody can be sure when the hard wheat ceiling will be established, nor at what level. Final wheat prices were about 1 3/4¢ to 2 1/2¢ per bu higher.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. Dec. 7, 1943.

Despite some economies which are being practiced by the American people through rationing, it must not be forgotten that the total food output in 1943 is about 32% greater than in the average years just prior to the war, and is even 5% larger than in 1942. Of course, a large proportion of the increase will be used by the military forces, and also, is needed for lend-lease requirements. At the moment, meat production is reaching a seasonal peak and hog slaughterings this past week were 84,000 larger than a year ago, having tapered off somewhat due to the fact that the packing houses were unable to cope with all the offers which had been tendered, and farmers were requested to use some restraint in making shipments from the country. Civilians will also be able to purchase a larger amount of meat as a result of the recent lowering of point values, besides which a record quantity of chickens and eggs will be available for civilian consumption during the coming holidays.

The government goal calls for a total of 380 million acres to be planted in 1944 compared with 364 million acres planted this past season. Most of the increase will be devoted to food crops. Should we have average yields the total food crop production under this set-up would average about 4% greater than in 1943. There is, of course, some doubt as to whether this will be realized, owing to the soil conditions Southwest, where in many areas drought had been reported during the fall months. Also, the question arises whether there will be adequate machinery, fertilizer, and labor, as well as price supports to bring about the desired results. In the case of livestock, it will also be necessary to provide the deficit feed areas with sufficient supplies of grain and various feeds, and even with the higher ceiling for corn, there is some question whether the deficiency areas will get all they need, although we observe that about 50 cars of grain will come in from Canada every day during the period of closed navigation in order to augment domestic supplies.

We have commented frequently on the dire food situation in India. Here recently Canada made a gift of somewhat less than 4 million bu wheat to that country, and while the British government greatly appreciated this charitable contribution, the shipping position has presented great difficulties, and there is some doubt whether the entire gift will reach its destination. It so happens that wheat can be shipped from Australia in half the time, and therefore with greater economy. It is planned to send substantial quantities from Australia, although they will probably be made in the shape of flour rather than of the raw material.

The most common mistake in arithmetic is the transposition, and we are wondering whether the OPA is not guilty of such an error. The time tested proportion between barley and corn is measured by the comparative feeding merit, also by the difference in test weight, which leads us to the conclusion that if ceilings are necessary, it might have been more practical to have had a maximum price of $1.28 for corn, and $1.16 for barley rather than the reverse. If suggestions from outsiders can be at all helpful we make this request not as a favor, but as a matter of right.

Primary receipts were reasonably good at 2,384,000 bu compared with 2,337,000 bu last week, and only 1,233,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 357,000 bu.

Trade was much more moderate than yesterday, and we did not find much evidence of new flour business, although from time to time government orders are being filled, and this has been a sustaining influence, with hedges taken out of the pit. When the flour subsidy was announced intensive buying took place by the private trade, but this seems to have subsided at least for the moment; therefore, fluctuations were within rather narrow limitations. At the last prices were unchanged to 1/4¢ per bu lower.

December oats continued rather firm, but stayed at fractions under the ceiling level. It is peculiar how these ceilings attract prices toward the freeze point as though by magnetic force. We have seen this so often in the past with respect to daily fluctuations when prices approached the daily limit.

Some corn was booked from the country, but this presumably came from elevators and not from producers.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. Dec. 8, 1943.

As we pointed out yesterday the total food output in 1943 is about 32% greater than it was in the years 1935-39, and if any shortages have arisen it is due to larger consumption by those civilians who are now in a better income bracket, plus, of course, the shipments which we have made to our boys overseas, together with those for lend-lease. There is also an additional factor; namely, the laying in of supplies by the government, and WFA officials have just announced that they will soon release for civilian use large additional supplies which have been stored up. While denying vigorously that the government needs had been over-estimated, they did admit that any releases would come from contingent stocks which had been set aside by packers for army or civilian emergency use. For example, since November 2nd, WFA has released 2,400,000 cases of canned grapefruit juice, 900,000 cases of canned peaches, 960,000 cases canned string beans, 1,800,000 cases of catsup, over a million cases of canned peas, 1,640,000 cases of canned tomatoes. We could probably go on enumerating the various items to a greater or lesser degree, all of which tends to show that the government has at least caught up in many lines and the further prediction is made that within the next thirty days further tremendous quantities of foods will be offered back, which may come into civilian channels of trade.

There is nothing to indicate that the same pertains to grains, nor have we reason to believe that the government flour demand was anticipated far in advance, but yet there are certain deflationary implications with respect to the foregoing, and possibly this will be accentuated once the war is over, even granting that large quantities of food may be needed for the hunger-stricken people of Europe. WFA has also taken a series of steps as part of the government program to conserve livestock feed and make the best utilization of available supplies in producing the maximum volume of product. When the corn ceiling was increased a few days ago, the CCC eliminated the subsidy which they had been paying on corn moving from surplus to eastern and southern deficit areas. Also, the increase of 20¢ a bu in the price of government feed wheat was adopted in order to bring the price more in line with corn and to conserve transportation. The unfortunate circumstance is that the corn is still not moving in sufficiently large volume and in order to accomplish the best results, we believe that a further advance is necessary. For two days now, oat prices have touched the upward ceiling permitted for the December contract. It is quite apparent that a distorted consumption in this cereal will dissipate stocks unless a better relationship is brought about. Very few traders were in the market to buy the deferred oat futures even when December reached the ceiling, probably for the reason that they figure some relief in corn prices will be afforded and that in the final analysis, corn will be made available to the industries and to the deficit feed areas by letting the price rise to a point where sales from the surplus areas will prove more tempting. The total program, according to WFA, was designed to bring prices of the various feed grains more nearly in line with one another, so as to use and conserve the various grains in the most efficient way possible, but yet oats are selling higher pound for pound than other feeds, and we do not see that recently announced ceiling levels have done at all what the framers of the bill had sought to accomplish.

Primary receipts amounted to 2,284,000 bu compared with 1,622,000 bu last week, and 1,178,000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 797,000 bu.

Volume of trade was not particularly large, but there was a fairly firm undertone to the market, except at times locals sold rye here rather heavily, but even this cereal recovered and closed higher. Due to the mild weather navigation will remain open five days longer than normally, and insurance coverage can be had for lake shipments up to December 16th. This may permit larger quantities of feed grains to be brought down from Canada. At the last prices for wheat were 1/8 to 3/8¢ per bu lower.

Oats closed slightly lower.

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CHICAGO MERCANTILE EX.

December 9, 1943

It is often the case at this time of year that moisture comes rather unexpectedly, and we must bear in mind that with certain censorship of weather items, such as barometric pressure, there is more than the usual guessing. In any event very good rains were reported overnight in many parts of the Southwest. Nearly 1 1/2 inches of rain fell at Amarillo, which extended into the Texas Panhandle and moisture to a lesser degree was also quite general in Oklahoma, with one point in New Mexico reporting two inches, while Garden City, Kansas stated that a regular blizzard was raging there; thus a good deal of ground was covered. It is likewise difficult to estimate how much good has been done by the rain and snow which came somewhat late, but our experience would lead us to believe that this is bound to improve the outlook very considerably.

When our market opened prices were somewhat lower, and with very few shorts it took only small liquidating orders to bring about declines of 1¢ a bu. There was also a news item late yesterday that the House had approved a 90-day tariff stay, which specifically was intended to bring wheat, oats, rye, flax, cottonseed, corn or hay into this country for the feeding of our livestock and poultry, and this may also have had some bearish implications. There can be little doubt that the government has worked diligently to bring in all the feed grains to this country that was humanly possible, and the movement from Canada has been of record volume. About 115 million bu wheat, oats, and barley has already entered this country from Canada since last August, and of these quantities about 80 million bu comprised wheat. Possibly a little more would have come in under private enterprise, but this is somewhat doubtful. Therefore, we do not feel that any great change has been wrought, particularly since lake navigation will close in another week and our imports will then be limited to the available rail tonnage. According to the figures on hand, thirteen rye boats have left Canadian ports destined for Chicago, carrying a total of 4 million bu rye. It is our understanding that these shipments have or will all pay the import tariff, and thus be taken into our domestic supply. There has been a very active speculation in rye by some who were trying to anticipate post-war needs; others felt that the manufacture of rye liquor might be permitted; others bought it on the comparative cheapness to wheat, while still another group figured that owing to the scarcity of feed grains more rye would be domestically consumed. The fact of the matter is that there has been very little call upon this cereal, and there have been few inroads on the Chicago supplies, although certain groups have been taking delivery successively in May, July, September, and now for the fourth time in this delivery period. It is quite obvious from these facts that the advances have been largely for speculative reasons, and it was probably the comparatively high prices which permitted Canadian imports.

The total wheat loans amount to 122 million bu, from which we must deduct 8 million bu that has been redeemed, so that the net impoundings are only about 114 million bu. This is the smallest percentage in several years, also indicating that high prices are making the program less attractive to producers and finally the percentage of free wheat in the carryover might be much greater than in recent years.

Today's primary wheat receipts were 1,928,000 bu compared with 2,561,000 bu last week, and 925,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,117,000 bu.

Most of the weakness occurred early in the day. There were recoveries in all pits, and while there was no particular buying, pressur subsided after the first longs had evened up commitments. The flour demand has abated and demand is spasmodic. Wheat sales are made from time to time to distillers. Last prices were 3/8 to 5/8¢ per bu lower.

Rye recovered pretty well from the early dip, and there was considerable short covering.

Oats were slightly lower, and the market did not pay much attention to the possibility of tax-free imports from Canada or the Argentine

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CHICAGO MERCANTILE EX.

CHICAGO 4,Ill. Dec. 10, 1943.

While we have experienced a very dry fall and conditions in the Southwest had been reported anything but propitious, we find in analyzing some of the State reports that conditions up to December 7th were not too bad. For example, in Oklahoma, the State was benefited by light to moderate rains, ranging from 1/2 inch to over 2 inches, covering all areas excepting parts of the Panhandle. This timely moisture except for the one section was said to prevent further deterioration, and in many localities the rain may cause enough growth to provide late winter pasture. There were numerous reports of late seeding of wheat. An additional acreage may be seeded, provided the weather remains favorable for plant growth. For Kansas, the supply of surface soil moisture was materially improved in the East by rains. While light snows were beneficial to wheat in western counties, according to the State and Federal Departments of Agriculture. It is true that the fall of moisture over the westernhalf of the State up to December 7th was very light and entirely inadequate for the best development of the crop. Since these reports were compiled, we have probably had the best rains and snows in months. Amarillo advised that they had 5 inches of snow overnight and that the total moisture in the past several days measured in rain amounted to 3 1/2 inches. North of there and in the Panhandle they had as much as 10 to 20 inches of snow overnight. The moisture went well into Kansas and Nebraska. For example, the overnight snowfall at Hutchinson amounted to 4 inches; Beloit had 7 inches of wet snow; Clay Center 8 to 10 inches, and it even penetrated the western sections, with Garden City reporting a snowfall of 5 to 6 inches and still threatening. Total moisture at Salina was .86, while at Dodge City .75, and we have given all this in great detail, since very often final crop results hinge very largely on the amount of fall and pre-winter moisture.

The market, however, did not reflect any change of thought. As a matter of fact, it defied the improved crop and soil conditions and actually opened higher. This, too, was not altogether surprising for the reason that there seems to be a general feeling that wheat prices will sell as high as the contemplated ceiling. The trade is not immediately concerned with what our carryover may be next July, nor what percentage of that reserve may be available to the trade. They are merely looking at the light country offerings and sustained demand for grain on part of millers, distillers, and feeders.

Advices from Washington are to the effect that the hard wheat ceilings will be announced next week. They will supposedly reflect parity prices to the country as a whole. They may, however, be adjusted at various markets to encourage the movement of wheat from surplus to deficit areas in order to facilitate proper distribution. This is thought to mean that full parity will be established in the ceilings at Missouri River markets, and that the full freight from those points to Chicago will be allowed. If this is correct it may mean a price at Chicago of about $1.72 a bu. There is nothing certain about this but the idea has some foundation based on Washington thinking. Today's firmness resulted largely from this psychology.

Canadian wheat exports for eighteen weeks are estimated at about 116 1/2 million bu. A large percentage of this was shipped to the United States for feeding purposes.

Primary receipts today were 1,946,000 bu compared with 1,878,000 bu last week, and 1,014,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of about 1 1/2 million bu. When the visible supply is posted next Monday it will compare with last year's shrinkage of 3 3/4 million bu.

Markets were extremely strong. There was a buying wave in all pits, and rye came in for its share, with many people feeling that if oats and wheat should hit the ceiling there is greater latitude in a cereal like rye. Whether or not the commercial demand will sustain this view, remains to be seen. In any event, there was no pressure to speak of, and at the last wheat prices were 1 1/8 to 1 1/2¢ per bu higher.

The December oat future went to the highest permissible limit, and this brought buying into the deferred months. Some local cash operators are also hopeful that owing to relatively higher prices in Minneapolis the disparity for Chicago may be ironed out, and this, too, was responsible for some of the bullishness.

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CHICAGO MERCANTILE EX.

December 13, 1943.

Dr. Davis, of Stanford University, in a recent article, points out that we, as a people, are extremists. He stated that ladies with a complete wardrobe frequently complain that they have not a thing to wear, or a man in an air-conditioned office says he is dying of the heat. Possibly the war makes us even more emotional. We have the case of a farmer, Louis Bromfield, forecasting a great food shortage, and Walter Winchell, a commentator, prophesying economic happenings one year hence, with rapidly rising prices for many commodities, unless the subsidies are adopted by Congress. In another instance, William Baxter, the economist, is forecasting four years of drought.

Coming now to our own situation, there are innumerable traders figuring that all cereals will go to the limits prescribed by the OPA and remain there. Even rye, for which the demand is indifferent, is being boosted largely because it is a cereal having an extremely high ceiling level. Many feel that if other grains and commodities become frozen at the maxima that rye will enjoy a wider berth. This sort of reasoning prompts us to look at some of the statistical data which may have a bearing upon prices before the season is over.

The report for THE BUSINESS EXECUTIVE printed at Washington makes the following statement: "There are some signs that the government is overstocked on food for military and Lend-Lease use. Warehouses are bulging. Reports are received that much food is spoiling in food dumps abroad. Congress is beginning to get interested, so that something may be done in this field to release some stocks." It is now figured that our wheat carryover supply next July will amount to about 300 million bu. This is a reduction from a stock of 618 million bu last season but compares with the ten-year average of only 235 million bu. It is interesting to note that at the end of World War I, our reserve stock was reduced to 85 million bu, and while it is true that feeding operations were trivial at that time compared with the present period, our export situation was also vastly different. In the years 1914-17, we shipped on an average 174 million bu per season, but since 1939, when the present conflict started, we have averaged less than 30 million bu. The situation now facing us shapes up as follows: Wheat requirements for food, 535 million bu; for feed, 380 million bu; seed, 80 million bu; industrial alcohol, 110 million; and export 50 million bu. In other words, total requirements amount to 1,155 million bu. In ordinary times, our domestic disappearance amounts to only 677 million bu, made up as follows: For food, 479 million; feed, 117 million; seed, 81 million bu. Of course, the latter does not allow for any exports, and if we would tentatively add 50 million bu to the figure, it would mean total disappearance of 727 million bu, or approximately 428 million less than will be used during the current year.

Whatever quantities of wheat are imported will lessen the domestic strain to that extent. With the number of ships being constructed and the decreasing hazards of hauling grain, we should not be unmindful that stocks of wheat in the four overseas exporting countries are expected to be at least 1,200 million bu on July 1, 1944, after even making liberal estimates for domestic and export distribution. Even by July 1, 1945, the BAE figures that these reserves may be down to only 800 million bu, which would still be above average, and certainly favorable constrasted with the situation in World War 1.

The visible supply of wheat decreased 5 1/2 million bu, Chicago elevator stocks alone decreased 904,000 bu, leaving 4 1/2 million bu at this market, plus 238,000 bu afloat. However, the bonded wheat afloat amounts to over 2 1/2 million bu, and there is nearly four million bu of bonded rye here. If duty is paid on these commodities, they, of course, will be taken into the domestic stocks. Regular rye stocks here in Chicago are in excess of 9 million bu.

Trade was less active than during the latter part of last week. New high levels were reached for most cereals, but best prices of the day were not maintained, and there was some profit-taking. The market, however, did give grudgingly, and last prices for wheat were unchanged to 1/4¢ per bu higher.

In oats there was a big demand at the opening, especially for the July delivery, and here also later selling orders reduced gains for the day, but the market showed a very good undertone.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill.

Dec. 14, 1943.

During every war there must necessarily be some curtailments on the home front, and while everyone is mindful that rationing is necessary, we may forget that during the first World War wheat was an article which at times was comparatively scarce, and six months before Germany capitulated, there were urgent and threatening appeals from England that unless we could ship larger quantities of wheat and flour, the allies might lose the war. As a matter of fact, we became involved in World War 1 in April 1917, and by October of that year people were being asked to observe wheatless Wednesdays. Early in 1918, there was a voluntary request that two wheatless days each week be observed, and in addition to that to have one wheatless meal each day. In February 1918, regulations were issued forbidding the sale of wheat flour to an individual consumer without an equal amount of substitutes, the list of which included all substitute flours, cornmeal, corn grits, oatmeal, and rice. In March 1918, the Food Administrator found it necessary to request that no wheat or wheat products be served in any first class hotel or restaurant until after harvest time.

We have become so accustomed to hearing of wheat surpluses that even many men in Washington seem to forget that we may run into trouble if we continue to dissipate supplies through the abnormal outlets of feeding. In an ordinary year, about 117 million bu wheat is used for animals, largely by the poultry trade. In the first quarter of this season, about only 25 million bu was fed on farms where grown, but the total usage in that quarter was 195 million bu. Apparently what took place was that many farmers sold their own supplies on a rising market, and then bought the grain back from the government at about $1.06, which had been established by the CCC for its holdings. This means that we may use about 380 million bu for the entire season, and an additional 110 million bu for the manufacture of alcohol, or a total of 490 million bu. In ordinary times, the amount of wheat used for human food is only 479 million bu, and in looking ahead we are beginning to become somewhat apprehensive as to what the future may hold forth. It is now considered likely that our carryover reserve next July may amount to approximately 300 million bu. Even though the wheat goal has been set for 67 million acres, it is hardly likely that the total winter and spring wheat production will exceed 850 million bu. Therefore, we may start the next season with a total supply of 1,150 million bu. It is quite likely that our domestic consumption of wheat during 1944-45 will be in excess of 700 million bu. Thus it is very obvious that we cannot continue the policies upon which we have embarked without actually having a bread shortage at home, particularly if we allow some small quantities for possible exports. It is very fortunate under these circumstances that there is already a large marketing of hogs. It has become apparent to anyone studying these statistics that we cannot afford a population of 125 million head. It would, of course, ease everything if the planners at Washington would take cognizance of the facts and do something with relation to corn. The present ceiling of $1.16 a bu, basis Chicago, will cause another large crop to be dissipated. It is epigrammatic that the cure for high prices is high prices, and thus consumption is reduced.

Primaries were quite good at 2,548,000 bu compared with 2,384,00 bu last week, and 1,137,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 142,000 bu.

Just before our market opened, we learned that the ceiling at Minneapolis on #2 feed barley and on futures was reduced to $1.16 per bu. The #2 malting remains at $1.36. This had some effect here on both barley and oat futures, but later in the session our December rye became very strong, advancing over 3¢ per bu on short covering, and the nearby month, which had been at a discount under May, went to a substantial premium. This had an influence all over the Exchange floor, with wheat and rye going to a new high on the crop. Last prices were 1/2 to 1¢ per bu higher.

Oats and barley also recovered from early weakness, but there was not the same gimp to these grains owing to the shadow of ceiling prices.

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CHICAGO 4, Ill. December 15, 1943

In peacetime whenever we have a normal increase in marketings, the result is generally lower prices, and sometimes lower income, as was the case in 1938 and 1939. The war, however, has changed everything, and since 1940, there has been a marked advance in farm income, despite increased marketings. For the first ten months of this year farmers received 26% more money from their crops than in 1942, and in addition to that the government payments from January to October amounted to $582 million. This increased their total income for the period to nearly $16 billion. It is already apparent that higher prices have changed farmers' psychology, and there is a much smaller quantity of wheat under loan this year because of the fact that prices are considerably above the government loan level. On December 7th, for instance, market prices at Portland were 14¢ above the loan; in Minneapolis, 19¢ higher; at St. Louis; 23¢ a bu higher; and at Kansas City 24¢ higher. One may, therefore, conclude that at the end of the season a larger proportion of free grain may be available than in other years, but yet as crop prospects are not too encouraging there may be a holding tendency, particularly as producers are prosperous and do not need money as urgently as at other times.

The moisture condition until two weeks ago was fairly good, although in southern Nebraska and the western part of Kansas, Oklahoma, and Texas, it was below normal. Since that time relief has been afforded. Except in these sections where the stands were poor and spotted, conditions were mostly favorable for the early development of the crop.

Looking for a moment at European prospects, which will be a big factor at the termination of hostilities, we have to consider first that their wheat crop this past season amounted to about 1,540 million bu, which is 160 million above the figure for 1942, and the best crop since 1939. In fact, it is just below the ten-year average of 1,563 million bu. This, of course, is somewhat surprising in view of the war and its devastating aftermath. We know more than that, for our Department of Agriculture has told us that moisture conditions have been favorable for fall wheat sowing and germination in Western and Northern Europe, and afull acreage for this area is reported even though there are shortages of labor, equipment, and fertilizers. With the loss of the Ukraine, German officials have stressed the importance of the 1944 agricultural production. There have been some dry areas, but as a result a large spring wheat planting may be needed if full acreage is to be maintained. As for the exporting countries, acreages in the four principal ones have now reached the lowest levels since World War I. We can hardly expect any further contraction; in fact, the opposite is quite likely, and already the goals have been raised for the United States. Canada had planned a meeting for early December, but no announcement has yet been made. The Argentine Minister of Agriculture has stated that his government wanted to expand agricultural production, and, therefore, an increase for 1944 is expected. Some enlargement is also likely in Australia, where the acreage has been almost halved in the last eight or ten years. In that country the shortage of labor and fertilizers will have an important bearing on the final results.

Primary receipts were smaller, and amounted to 1,655,000 bu compared with 2,284,000 bu last week, but only 808,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 564,000 bu.

There was not much grain news except rye futures were very strong, and undoubtedly there was further covering in the December delivery. This gave us firm markets in all pits. Seasonal highs were made in wheat and in rye, also for May oats, but there was some profit-taking, with the result that closing prices for wheat were at an advance of 1/4 to 5/8¢ per bu.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill.

Dec. 16, 1943.

Chances are that the total civilian employment in the U. S. will be slightly smaller in 1944 than during the current year, but yet incomes probably will be higher. This is accounted for largely by the expected upgrading of employes who are replacing those inducted into the armed forces. Under this setup the hourly and weekly earnings of many will increase. Consumer incomes in 1943 are expected to total about $142 Billion, or twice as much as the total for 1939. It is also considered likely that the 1944 prospects point to a 10% increase over the present. This all raises the question of inflation, which has been referred to so often, but which is even more pronounced when merchandise is more depleted, and when many of the shelves have less wares than in former times. Furthermore, about one-quarter of our food products is allocated to military and lend-lease, and while a great many ceilings have been placed on various commodities the potential demand is still great. Our armed forces are still growing in size, so that military demands for food are increasing, and as more occupied territories are liberated by the allies, the field of UNRRA becomes greater. This all suggests that requirements from all sources, together with our own civilian needs will make total food demands on American agriculture greater next year. Just to what extent this increase may take place is difficult even for experts to answer.

Government price controls, also material allocation programs are with us, and to some extent are bringing about stability, but to effectively fight inflation it must be combated by one of several methods. The first is, not to pay out the additional incomes in the form of wages and profits, which after all constitute the excess purchasing power. If, however, they have been paid out, as is the case, they should be taken back through taxation, or by permitting a limited advance in the price level, which would tend to syphon off part of the surplus purchasing power. We have probably reached a level where taxes cannot be raised very much, but yet in spite of the Little Steel Formula, many wage earners are still getting some increases, and the railroad employes are threatening a strike effective the end of this month unless their demands are met.

There is still no change in the feeding situation, despite the fact that heavy slaughtering of hogs continues. The total for November was close to 7 million head compared to 4,670,000 which was the five-year average. Of course, it will take considerable time before we get back to normal. Farmers raised this year 125 million pigs compared with 105 million in 1942, and 85 million in 1941. They have also increased cattle numbers by over 5 million head in the last two years, and poultry by nearly 50%. While this was the answer to the public pleas for more of these foods, it is also the underlying basis for the tremendous feeding consumption.

Primary receipts were moderate at 1,514,000 bu compared with 1,929,000 bu last week, and 975,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 832,000 bu.

In our early morning gossip we cautioned the trade against making purchases of grains at these advanced levels. This is generally the season of year when firm markets prevail, but we must take into account that most of our grains are selling at or close to ceiling levels or those proposed by OPA. It has even been threatened that when the permanent ceiling is set for oats that a "rollback" to parity might take place. Any unexpected developments could thus affect prices adversely, particularly with so few shorts in the market. At the last wheat was 3/8 to 7/8¢ a bu lower.

There were also final declines in barley and rye, with the deferred oat futures selling off, but the December remained at the 82¢ upward permissible limit, despite the fact that some liquidation came into the pit.

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CHICAGO 4, Ill

Dec. 17, 1943.

This is generally the season of the year when firm markets prevail. In ordinary times we would not have reached the period when Southern Hemisphere exports had started in earnest. Also, we generally enjoyed a fairly active milling demand at home until about January 10th, when the inventory period started. Then, too, we had passed the period of hedging pressure and normally inroads were made into our supplies, with the result that fairly heavy decreases in the visible supply took place, but at the present time many things are different. We have numerous artificial considerations, with sharp advances already registered in our market, and wheat prices are at about the highest level in fifteen years. Yesterday, for the first time, it appeared as though markets acted somewhat strained. There was nothing very bearish in the news but yet values were so close to ceiling levels, either those actually set or those being proposed, that there was less incentive to make purchases. For that reason there was some profit-taking in most pits, but very little pressure from the country, and probably not much to be expected, at least until the turn of the year when farmers may sell more readily at a time when income tax matters are less bothersome.

During the first four years of the present war, our wheat carryover in the United States averaged 500 million bu. This is in contrast to the average for the corresponding period in World War 1 of about 100 million bu. Little attention, however, is paid to this factor, for the reason that the past two reserve stocks have been in excess of 600 million bu, and with the outlook for no more than 300 million bu on next July, many are beginning to wonder whether we shall have enough for our own needs, particularly if the government feeding program continues. It is true that the CCC wheat holdings are probably down to about 80 million bu, and on that basis the government cannot much longer offer wheat for feeding purposes at levels far under the current market. However, it is still a question whether they may go into the open market and buy supplies, which through a subsidy program can be disposed of at a heavy loss. The action in the Senate yesterday led to the belief that the entire question of subsidies might be held in abeyance for sixty days. Nothing definite is known at the moment.

It was announced late yesterday that President Roosevelt had returned to this country and today's dispatches told of his return to Washington. While we do not claim to have any intimate knowledge of his thinking, we are convinced that he still adheres to the policy of "holding the line." With that in mind it is always to be remembered that nothing definite is established yet on the permanent oat ceiling, but a reminder is given here that prices might be rolled back to parity levels, and this should make traders in the deferred deliveries somewhat cautious. The same refers to wheat where it is uncertain whether the ceiling will be as high as $1.72, or possibly at the parity level at Chicago of about $1.67. The trade must have figured much the same as we did, as there was a smaller volume today and no particular trend. After the close the government crop report will be released, but no important changes in the production figures are expected. More important will be the estimate next Monday looking toward next year's acreage and condition of winter wheat and rye for the 1944 harvest. For the past few years a production figure for the new winter wheat crop has beengiven. This naturally involves some guesswork, because it is far too early to make accurate estimates, but at least the figure will act as a guide in relation to other years.

Primary wheat receipts were fairly good at 2,209,000 bu compared with 1,940,000 bu last week and 1,269,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 956,000 bu. We shall undoubtedly have a large shrinkage in the visible supply on Monday. A year ago it decreased 2,891,000bu.

While there was no particular pressure in wheat, there apparently was sufficient profit-taking to take care of the moderate demand. General news surrounding the market was unimportant, and at the last prices were 1/2 to 1¢ a bu lower.

Rye was also inclined to be a little easier, particularly the December delivery. The open interest in December is still over 3 million bu, as is the case in wheat. The cash demand remains poor and in our opinion many of the holdings are still largely speculative.

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Dec. 20, 1943.

The chances are that world shipments of wheat have now reached their lowest point. The blockade and other war conditions reduced exports of wheat and flour to about 340 million bu during the past year compared with 355 million bu a year earlier. There is some guesswork in arriving at these figures, but we have them from Broomhall, together with his reasons for estimating that this is about as accurate as anything which can be gathered at a time when a good deal of data is being suppressed. In any event when we look back at the crop-year 1939-40, there were 625 million bu placed afloat, and the year before that, 638 million bu. As a result of the various restrictions, we had a period from 1938-43 when the largest world wheat supplies were built up, but fortunately there is a trend now in the other direction. The submarine menace has been pretty effectively checked, and a vast amount of new tonnage is coming into service. The allied armies are advancing to liberate new deficiency areas, which will have to be supplied with food, and, of course, we also must take care of our own soldiers in foreign service. The chances are that in this expansion program, and until such time as the tonnage situation returns to normal, Canada will continue to play the leading role, but we have had reports indicating that Argentine wheat shipments may increase materially in order to take care of our boys in Italy. True enough, there was a fairly good wheat crop in that country this past summer, but of the 280 million bu harvested, a fair proportion is in the North and is not available to the allies. So far this year, or from August 1st, Canada has shipped about 120 1/2 million bu wheat during a period of nineteen weeks. This compared with 78 million bu shipped during the same period a year earlier, although a fair proportion has come to this country to augment our feeding program, and we find that 87 million bu Canadian wheat has been sent to the United States, together with 22 1/2 million bu oats, and 15 1/2 million bu barley, or a total of 125 million bu of all grain.

After the close of the market today, we shall have estimates on the sown acreage and the condition of both winter wheat and of rye; also, the probable yields that will be harvested next summer. Up to now there has been a large area Southwest where rainfall was deficient, particularly in the early fall, and as a result the condition figure may be quite low. As for rye any data published today will compare with rather bullish figures from the previous season. We harvested a rye acreage last summer 28% below the 1942 crop, and it was also 16% below the ten-year average. Heavy production of grains is necessary while the war lasts. We can see this already in corn, where we harvested the second largest crop on record, and it was only 55 million below the bumper yield of last year. This year's crop for all purposes is nearly one-third larger than the ten-year average, and yet with the tremendous number of animals on feed there is still some danger that supplies will be dissipated unless somebody points out in sufficient time the fundamental fallacy of trying to keep a ceiling too low, which may force more corn into feeding channels.

Total wheat impoundings are only 113 million bu, which is actually a reduction of 1 1/2 million bu from the previous week. This is due to the fact that 3 1/2 million bu was redeemed during the week.

The wheat visible decreased only 1,182,000 bu, and there is apparently some wheat showing up again at various markets from the transit stocks. At Chicago there is 4,609,000 bu in elevators, and 238,000 bu in afloat, but there is also 3 1/2 million bu of bonded wheat at this market. If the duty on the latter is ever paid, then it is taken into the American supply of wheat. The domestic rye stock at Chicago is still slightly in excess of 9 million bu, and there is practically 4 million bu held in bond. Primary wheat receipts today amounted to 2,767,000 bu; they were somewhat less than last week, but twice as large as last year.

More attention was paid to the possibility of a bullish crop report, and great strength in rye. The deferred rye deliveries made seasonal highs, and this influenced wheat, with the December future selling at the highest point of the year; this is also the best price which has prevailed in about eighteen years. Final advances were 1 1/4 to 1 1/2¢ per bu.

The deferred oat futures were strong. Barley also advanced. There seems to be a rather bullish sentiment, and apparently very little opposition.

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CHICAGO 4, Ill.

Dec. 21, 1943.

After the close of the market yesterday, the government report was released and the indicated winter wheat production for next summer is 527 million bu on an acreage nearly 10 million over the previous one. If a crop of this size is realized, it would about equal the one harvested this past season, and from that point of view is neither particularly bullish nor bearish, provided we get back to a more normal consumption. A good many people figure that a year ago the condition of the crop on a small acreage was 88% of normal, and the outlook at that time was for a much larger crop: namely, 624 million bu. Thus they reason that we might have some deterioration between now and harvest, as was the case then. It is somewhat fallacious thinking in our opinion, because the opposite is also possible. In other words, in December 1939, the estimated sown acreage of winter wheat was slightly in excess of 45 million acres. The condition at that time was very low, only 55% compared with 69% as at present. The Department forecast a crop of 399 million bu in December, and this was accepted in a very bullish vein, but with proper moisture and propitious weather, the final results in the summer of 1940 were very surprising, and we finally harvested 588 million bu on a standing acreage of 36 million acres. The yield was actually 16.3 bu per acre, clearly indicating that sometimes the results are very good, even though the crop does get off to a poor start in fall. We are not attempting to imply that miracles will happen, but do recognize that in trying to forecast seven or eight months ahead, one can figure only on normal developments, and this we believe is what the Agricultural Department is attempting to do.

As a matter of fact, there has been some moisture in the poorer sections of the Southwest since this federal data was compiled. The Panhandle of Oklahoma was blanketed by several inches of snow. Rains fell slowly and generally were well absorbed with little runoff. Temperatures were too low for maximum germination of the plant growth in some sections of the State, but nevertheless there was a decided improvement in fall-sown crops. The same story applies almost as well to Kansas. Heavy snowfall last week that generally totaled between 5 to 8 inches and drifted very little fell over the northern and western parts of the State on Thursday and Thursday night, with rains in the southeastern counties which generally totaled from one inch to 1 1/2 inches. The rains and snow furnished much needed moisture, which greatly improved the outlook for wheat. Moderate snow was falling in the eastern counties as the week ended. We have taken these excerpts from the State reports.

When our market opened this morning, prices in all pits were very firm. Many traders are so imbued with the various artificial influences that they ignore more or less crop news as well as political developments. We have hardly heard mentioned the Russian successes as relating to grain markets, although some day cognizance must be taken of peace economy and the releasing of big quantities of grain from Southern Hemisphere countries. Here, at home, we find that since the CCC has advanced its price on wheat holdings for feeding purposes, the program has slowed up materially. After December 6th, total sales for a ten-day period declined to 627,000 bu as compared with 8 million bu in the preceding ten-day period. It is apparent that the price factor is playing its part, and we are just as convinced that a more equitable corn value would have accomplished better results, and we could very likely have avoided the many distortions and secondary consequences in other grains, which have been the direct result of the first error in judgment.

Primary receipts were close to 2 million bu compared with 2 1/2 million last week, and 1,658,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 59,000 bu.

Rather firm prices early in the day were followed by recessions, and more attention was given to the possibility of a Chicago wheat ceiling of around $1.67. Nobody knows for sure whether this is the exact price or not, but news from Washington suggests that this is their thinking. Also wheat acreage of 48 million acres finally had some bearish influence, and last wheat prices were 1¢ to 1 3/8¢ per bu. lower.

Rye eased also. The condition of the crop is one point higher than the ten-year average, but ten points lower than a year ago. The acreage is also one million acres smaller. However, a good many people are beginning to wonder in view of all the bullish sentiment, why the actual demand does not improve, or why the visibles do not decrease.

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CHICAGO MERCANTILE EX.

December 22, 1943

The run of hogs has been simply tremendous, and this is taxing the storage facilities at various packing plants almost beyond capacity. Market experts have stated that the seasonal hog marketing period became critical at the start of this week, when an all-time high of 200,000 animals poured into mid-western stockyards. About half this number had to be held over for yesterday's market, but were then supplemented by another large, fresh supply. It is quite apparent that two things have happened: first of all, the enormous population built up owing to the favorable hog-corn ratio which previously prevailed, is now in the process of liquidation; secondly, the artificial corn level has made it impossible for a good many feeders to get their supplies, but the net result is obvious to anybody who has studied the situation. The government has already taken cognizance of this fact by extending the price support to include heavy hogs, and also, the OPA has given extra points to housewives for a temporary period in order to help reduce the large accumulations. This may all spell a lesser feeding demand in the months to come, but for the moment we are experiencing a very tight situation in both oats and barley, and it is almost paradoxical that ceilings cause more congestion than anything else and seem to frighten those who otherwise are on the verge of selling their product.

There were several items responsible for today's firmness. The present cold wave is expected to spread and intensify with thermometer readings dropping in the Central States to well below zero, and there are many areas still not protected by snow. On the other hand, there has been a good deal of relief in the Southwest, and one of our men just returning from the Texas Panhandle found the moisture situation very satisfactory. There has been 2 1/2 to 3 1/2 inches during the past ten days, which covered a very large territory; in fact, the largest amount of rainfall for Texas in forty-five years. A good many farmers claim that the wheat that was dusted in will now germinate and the majority of them are very optimistic that the late plowed plant will still make a wheat crop. After all, winter is the time for cold weather and as a result there is always some abandonment; therefore, we see no reason for becoming particularly apprehensive at this time.

There are also reports current that a decision is near at hand for the announcement of wheat ceilings. Some argue that the Chicago price might be 25¢ above the national parity average of $1.48, which would be $1.73 basis Chicago. These people insist that the wheat ceiling must reflect the national farm average for the entire country and that any other concepts would not be fair. Inasmuch as a lower figure had been mentioned yesterday, there was some buying today on the grounds that prices would be given a wider latitude. In looking over the CCC wheat loans, we find that 124 1/2 million bu has been impounded so far, of which 11 1/4 million bu has already been redeemed. A year ago at the same time 365 million bu wheat was frozen, but, of course, present prices are so attractive that more grain is being put on the free market

Owing to the fact that this was the last day of trading in December contracts no attention was paid to statistical news. December wheat at the last was bid up sharply on a few small orders, and closed 1¢ per bu higher. It expired at a premium of about 6¢ per bu over the May future, which was the widest premium on the crop. There has been a mistake in publishing theamount of wheat sold by the CCC during the past ten days. It now appears that it was erroneously reported in transmittal; the actual quantity was over 10 million bu instead of 627,000 bu, as originally given.

Rye was weak at times, particularly the December future, which was as much as 2¢ per bu lower. However, the close was practically unchanged, and a great many people remain friendly to this cereal, because of the fact that rye enjoys a very high parity level.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. Dec. 23, 1943.

Trading in December futures ended yesterday, and while there was considerable strength in the expiring December wheat contract, this did not have any particular significance for the future. When our market opened this morning, prices were very little changed from the previous close, although rye was firm at the outset, and a good many people still have in mind the last government figures, with the acreage seeded in the fall of 1943 as less than 5 million acres. This is roughly 15% below the seeded acreage a year ago and about 19% below the ten-year average. However, high prices which have prevailed have made it possible to import rye from Canada, although the 4 million bu that are presently in bond in Chicago will not be included in the domestic stocks unless and until the import tariff is paid. Regardless of what one's hopes are for the future, we still cannot quite understand the great demand for cash rye, which seems to be largely speculative. Those who have taken delivery on December contracts will have various costs of about 6 1/2¢ a bu to carry this grain until next May, and if they are the same parties who have accepted tenders on previous delivery contracts, they are in a still better position to know what these assessments amount to, as of the 9 million bu domestic rye that is here in Chicago, the bulk of the receipts appear to be in the hands of the public.

Despite the heavy run of hogs, prices this morning were somewhat higher, and this may have encouraged some buying in oats, although the general situation surrounding all feed grains still continues very firm. The mill feeds market has been strong now for many weeks, and the demand is still far in excess of supplies. Even with the large amount of wheat which has been ground into flour, and an output far above seasonal, the wheat offal has been insufficient to take care of the demand. Corn feeds remain unchanged, and while the production of gluten feed and gluten meal continues near capacity, the output is still far out of line with the needs of the trade. Thus it is that little attention was paid to the corn-hog ratio at Chicago, which in the last week declined to 11.5, a slight reduction for the week, and which compares with 15.9 a year ago. In due course of time, this may all have an important bearing, but the tremendous number of animals will take time to liquidate, even though there is a great desire on part of producers to feed less. It is quite likely that after the first of the year receipts of all grains will increase; it is not only the tax consideration, insofar as farmers are concerned, but also the car shortage, and were it not for the latter, we would be inclined to look for heavier receipts of wheat in the Southwest than are being reported daily.

Better receipts may have some influence on our price level, although the two important factors are the impending ceiling proposed for wheat and the length of the war. Also, there is the great uncertainty as to how much wheat will be bought in the open market by the government and sold under subsidy for feeding purposes. Should the amounts be unusually large, it would not only have the effect of tightening up prices in the pit, but would also lessen the carryover reserve next July, and, of course, there is no precedent for an item of this character, and, therefore, guesses would be extremely hazardous.

Primary wheat receipts were 1,780,000 bu compared with 1,514,000 bu last week, and 1,155,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 393,000 bu.

There was some profit-taking late in the day. No particular pressure, except that cash houses were predominantly on the selling side. There was also a little liquidation by locals disappointed at the market action. Final wheat prices were 1/2 to 3/4¢ per bu lower.

Other cereals also eased in sympathy with wheat.

The pig crop report released by the government showed a figure of 121,847,000 for spring and fall of 1943; this compared with 104,559,000 bu for 1942.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

December 24, 1943

We started the crop season last July with total supplies of 1,454 million bu. On basis of the prospective utilization: namely, 1,105 million bu, which is the figure currently used by the U. S. Department of Agriculture, it left a balance available for export and carryover of 349 million bu. In the first twenty-four weeks of the season, we have shipped about 20 million bu wheat and flour, and thus it is quite likely that our reserve stock at the end of the crop-year will be about 300 million bu, unless there are greater amounts used for the manufacture of alcohol, or unless feeding during the next six months of the season assumes larger proportions than is now anticipated. World production of wheat, excluding Russia and China, is estimated 5% smaller than in 1942, but still with the sizeable world carryover, there appear to be ample supplies, particularly with the restricted shipping situation. It is interesting to observe European production (30 countries) which is estimated as follows:

1943 -	1,540	million bu
1942 -	1,380	" "
1941 -	1,425	" "
1940 -	1,300	" "
1939 -	1,694	" "
Aver. 1933-37-	1,595	" "

Looking ahead to 1944, an increase in acreage is anticipated; at least this is highly probable insofar as the four principal exporting countries are concerned. Acreages reached the lowest levels during 1942 and 1943 since World War I, and, therefore, an increase in any one country would raise the total, but it is more than likely that increases generally in these four nations may be expected to raise the total supply considerably. We already have definite knowledge that ther will be a significant increase in the domestic acreage, although there is some doubt whether total production will be far in excess of 1943, owing to adverse moisture conditions during the fall. Some improvement has been noted in recent weeks. In Kansas, for instance, where the 1944 crop is estimated at only 106 million bu compared with 144 million bu last year, the chances for an upward revision are fairly good. Winter wheat, with the exception of certain localities in the Northwest and in the north central parts of the State, was well covered with snow during the cold weather the past week. Nearly 3 million more acres were sown than the previous year. Thus the land under cultivation has been nearly restored to its former size. In Oklahoma, recent rains provided adequate surface moisture to carry the grain crops through the winter with a minimum of loss. In the northwest and panhandle sections of the State where the ground was blanketed with snow, the ground was frozen most of the week. Very little of the snow has melted. Any damage to small grains was reported as slight, and there are still indications that more wheat will be seeded when the weather premits; some was actually accomplished during the week. According to the last government report the outlook for this state is considerably better than last year, and the same is also true for most of the soft winter wheat States, where in 1943 the final results were very poor. Thus we may look ahead with a fair degree of confidence to 1944. Large crops are necessary during wartime, and particularly so owing to the added consumptive uses to which wheat has been placed.

Wheat ceilings are still under debate at Washington, and it seems very difficult to establish equitable prices for every part of the country, particularly since they must supposedly reflect full parity in all sections. Whether there should be actual freight differentials between markets or historical differences is one of the main controversies.

WE WISH YOU A VERY MERRY CHRISTMAS.

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Dec. 27, 1943.

The Winnipeg market was closed today and the British were celebrating Boxing Day, which originally was a holiday intended to give people a chance to put their packages away, or else to prepare those which were to be returned for other articles. There is just cause to celebrate the sinking of the German battleship Scharnhorst, which is the British Navy's Christmas box, and which is permanently laid away. Loss of this first-class fighting ship will be a heavy blow to German morale, having previously escaped assault. Even when she lay harmlessly in port, she had to be continuously watched by aircraft, and it now leaves only the larger battleship Tirpitz and the Gneisenau as a potential threat.

Little attention was paid to the war news when our market opened, but there was considerable firmness all over the exchange floor, possibly because the President had demanded an end to the steel walkout, and had promised back pay in the event of a final increase in wages. Many regarded this as a forerunner to the breaking of the "little steel formula," and since the latter previously had exerted a somewhat bearish influence upon grains in Chicago and the ceiling levels, today's news was construed in a bullish vein, and the deferred wheat futures were quite strong, despite some moisture Southwest. Four to five inches of snow fell over parts of the Texas Panhandle, and a rather favorable map indicated further precipitation for southern and southwestern Kansas, as well as portions of Oklahoma and Texas. There is certainly no shortage of wheat anywhere in the country, even though total grain production in the United States for 1943 was about 6% less than the previous season. As a matter of fact, there was nearly 5% more grain raised than in any other year save 1942. Considering the difficulties that were encountered and a smaller acreage than in normal years, much of the credit for the big crops is attributable not only to propitious weather, but also to the united efforts on part of farmers to push production to the utmost. Farmers and their families worked more hours per week and more Sundays than in any year known to this generation. Much of the extra help was unskilled but regular farmhands worked more efficiently, together with imported workers, prisoners of war, soldiers on furlough, and city volunteers, who jointly helped to meet these emergencies. Of course, many people have in mind that this year's wheat crop showed the highest yield of any in the past quarter of a century, except for 1941 and 1942, and that, therefore, we may be due for some reverses, although taking a larger acreage into account, the chances for failure are somewhat lessened, because with the large quantities sown, there is always the chance for improvement.

At the moment crop and weather conditions are pretty much ignored. Even the sizeable imports from Canada are given little consideration. We doubt very much whether waiving of the tariff for feedstuffs for ninety days will help a great deal, as shipping facilities are already over-taxed, but we call attention to the fact that since last August 89.8 million bu wheat has come here from Canada, together with 22.6 million bu. oats, and 15.5 million bu barley, or a total of about 128 million bu of all grains.

When the visible supply of wheat was posted it showed a decrease of nearly 1 1/2 million bu. This was not particularly large, although total stocks are 83 1/2 million bu smaller than last year, amounting to somewhat over 118 million bu. There is about 5 1/4 million bu of wheat at Chicago, including the afloat stocks, together with nearly 3 1/2 million bu of bonded wheat. Primary wheat receipts were very large today, at 3,808,000 bu compared with 2,767,000 bu last week, and 1,993,000 bu last year. The visible decrease in rye was only 75,000 bu. There is still over 9 million bu of regular rye in store here, besides nearly 4 million bu of bonded rye.

Sentiment is quite bullish, and there seems to be a rather large inquiry by the government for flour. We understand that several of the mills have already been contacted, and it looks like some big orders might be placed very early for January shipment. This created a demand for futures, with the result that final prices were about 1 1/4¢ per bu higher.

Oats lagged and finally closed weak. There is still some feeling that when permanent ceilings are invoked there might be a rollback.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. Dec. 28, 1943.

For several months the situation in rye has been extremely artificial, and almost half the visible supply stock of the United States is centered here in Chicago. This apparently became necessary because of the speculative elements which confronted us. The entire rye crop last year amounted to only slightly over 30 million bu, and at the present time we find that the open interest at Chicago amounts to 39 million bu, or actually 9 million larger than the amount raised. Under these circumstances, it is quite apparent that with the very bullish sentiment which has existed, the line of least resistance was on the constructive side of the market. It is true that the carryover from other years was also quite large, and there have been some importations, but, nevertheless, speculative interest was far greater in proportion to supplies than was the case in any other cereal. It is also true that within broad limits supply and demand do fix market prices, but to use a figure of speech the proposition sometimes works out as in the boxing ring, with buyers and sellers contending for the advantage. The strength or weakness of the buyer or of the seller thus enters into all price-making. In the final analysis, of course, the demand is a very important factor, even though temporarily it may sometimes have less influence. The real test of the proper level of rye prices will no doubt come when present holders try to either liquidate their positions or attempt to find a consumptive public to take over their supplies. In the meantime, it costs pretty close to 18¢ a bu to carry grain for a period of twelve months, including the various storage, interest, and insurance charges It is a fact that rye prices are now fairly close to the best levels of the year, but if the grain has to be carried for too long a period, it might make a very large dent in a person's operations.

The main news overnight was the weather. For some time this factor has been somewhat ignored, especially when improvement set in, but there has been a rather wide coverage in the Southwest, with snows reported in many of the dry areas. The northwestern portion of Kansas was skipped but there was as much as 8 inches of snow around Wichita, 6 inches at Hutchinson, 5 inches at Salina, and some also in Oklahoma and the Panhandle of Texas. The forecast is for more in certain sections, and this could be construed only as very beneficial to the winter wheat crop. When our market opened, prices were firm but later selling orders had their influence, despite the fact that further hedges were covered today, presumably against flour business.

We understand that on Friday next, late in the afternoon, wheat ceilings will be announced from Washington but have no indication what the formula is between different markets, nor what the general level will be that is acceptable to the various agencies. There was some speculation lately that the price might be higher than the early mentioned figure of $1.66 for Chicago. This theory was generally accepted on the grounds that the "hold-the-line" policy was failing; and in many cases involving labor disputes, a higher wage envelope resulted from overtime payments, regardless of the original intent to prevent an expanding purchasing power.

Primary receipts were 1,889,000 bu compared with 1,969,000 bu last week, and 1,195,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 225,000 bu.

The market showed great indifference, and while there were some rather large transactions by way of hedge removal against which speculators sold out long positions, fluctuations were not extreme in any sense of the word. Recoveries from an early dip took place, and at the last prices were unchanged to 1/4¢ per bu lower.

Oats at times were under liquidating pressure. A good many people feel that when the permanent ceilings are given out that a rollback may be placed in effect. In the meantime, liquidation of hogs continues; for the week slaughterings amounted to somewhat less than 1 1/4 million head --an increase of 299,000 over the comparable period a year ago. However, having built up total population at the peak of 125 million head, it is going to take time to liquidate these numbers to a more reasonable basis.

Rye was barely steady, but there was no special feature.

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CHICAGO 4,Ill. Dec. 29, 1943.

There was not much additional moisture in the Southwest overnight, and the forecast does not suggest precipitation of any importance, although there has been moderate to heavy relief in the form of either rain or snow over central and southern portions of Missouri, Illinois, Indiana, and up the Ohio River Valley. It is very important that the country should receive a general snow covering in December for a number of reasons. First of all, cold waves on an average are more frequent and severe inJanuary than in any other month of the year. As a general rule, the coldest temperatures of the winter are from the 15th to the 20th of January, and it is also a fact that in many States where winter wheat is grown, the normal moisture during January is extremely light. For the State of Kansas, for instance, there is generally .69 inches of moisture, or only 2.6% of the annual fall. Likewise, Nebraska receives ordinarily only .52 inches of rainfall, or 2.4% of the total for the year; Oklahoma fares somewhat better, with 1.44 inches, and Texas 1.89 inches, showing gradual improvement as we get into the Central States. For example, Illinois averages 2.38 inches and Indiana 3.19. The heaviest January rainfall is in the Southern States and in the Pacific Northwest, where sometimes as much as 4 to 5 inches is received. The figures which we have just cited over a period of fifty-five years, and while, of course, there may always be variations, it may prove of some interest in watching future developments, particularly since the winter wheat crop did not get off to a good start.

There is another item which has had the attention of the trade for the past several years, and we are referring now to the government loan program. In 1938, when it was first begun, the average farm loan rate for wheat was 53¢ a bu, and the next year it was increased to 64¢; in 1940, it was advanced just moderately to 65 1/2¢ but jumped to 98¢ for 1941 and to $1.14 a bu in 1942, with the price during the current season $1.23 a bu. This has all had the effect of giving us very artificial markets because so much grain was impounded. However, when the price at Chicago rose appreciably due to war factors and the tremendous feeding demand, it was at once noticeable that farmers availed themselves less of the loan. There is at the present time only 125 million bu wheat impounded. This compares with 374 million bu last year. Even the former figure cannot be taken at its face value owing to the fact that there have already been reductions of 15 million bu, and thus there is only about 110 million bu wheat which has been removed from regular commercial channels. In a few days, the program is terminating for this year's crop, unless some extensions are given in the Northwest, in which case there may be a thirty-day stay for spring wheat areas.

Primary receipts today were very light at 929,000 bu compared with 2,032,000 bu last week, and 1,276,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 476,000 bu.

There was very little feature or trend to the markets. Rye at one time declined 1¢ per bu, and wheat eased off in sympathy, but there was apparently further hedge removal in the pit. Some seemed to think this was against government flour business; others had in mind that Mexico needs about 5 million bu of wheat during the year, and one of the eastern news agencies thought that some of the late buying of September might be against business with that country. In any case, final prices were rather firm, although the holiday dullness prevailed, and the volume of trade was again light.

Rye recovered from an early break, and the nearby positions were particularly firm. There was some weakness in both barley and oats, and it is thought in the latter cereals that when permanent ceilings are invoked that a rollback to about parity levels may take place.

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CHICAGO MERCANTILE EX.

CHICAGO 4, Ill. Dec. 30, 1943.

Farmers in this country have done a remarkable job during the past year, but they alone cannot fight the battle of food unless given some help from the administration to the extent that smaller quantities should be fed to animals in the months to come. We believe that a step in this direction is already under way, but having built up the hog population to 125 million, it naturally takes time to get back to a more normal basis. In the meantime, the demand for feeds is tremendous, and it is certainly fortunate that we raised big crops of practically all grains. Even this might have proved insufficient had it not been for the fact that we were able during the year to import about 250 million bu wheat, oats, and barley from Canada, and, of course, this is a very unusual situation, as in most years we are a surplus nation. It is also fortunate that the world wheat situation is so healthy.

When we view the Russian victories and the imminence of a European invasion in the coming months, one must also look toward the peace which will follow. Argentine and Australian farmers are busy adding their quota to the world wheat supplies of bread grain for 1944. The combined crop for those two countries is about 388 million bu, or approximately the same as they produced a year ago. Smaller yields in Australia are offset by better prospects in the Argentine. Even making allowance for normal domestic disappearance during the next twelve months, the surplus available for export from new crop alone is about 225 million bu. Australia it is figured has a carryover of approximately 153 million bu old wheat and Argentina 122 million bu, even after allowing large quantities which were set aside for fuel and animal feed. This makes a total surplus of 500 million bu available for export or carryover in Argentina and Australia. When this is joined to the Canadian wheat surplus, which stood at 670 million bu last October, one can readily understand that even without the United States furnishing any grain whatsoever, if given proper ocean tonnage, no liberated nation will have to go hungry, insofar as breadstuffs are concerned, particularly if Canada and the United States harvest average crops in the middle of 1944. It is true, as we have mentioned so often, that overly large quantities of wheat are disappearing into non-food channels. However, if corn prices would be permitted to reflect their proper merit, it would be a tremendous help in trying to correct a situation which could otherwise be harmful.

Apparently invasion plans are well under way. All present stocks of frozen poultry will now be set aside for government use, and undoubtedly large supplies will be needed by the armed forces. Advices from Washington also indicate that tremendous amounts of flour may be required in the first quarter of next year; not only Lend-Lease but other agencies of the government appear to be in the market, and it is quite likely that large bookings not only from the eastern seaboard, but also from gulf ports may be made. Some of this buying may have been reflected in the market during recent sessions. We feel, however, that bullish enthusiasm has been somewhat restrained owing to the likelihood of a ceiling being announced for hard wheat over the week-end. Thus it is evident that there is not much room for expansion on the bull side of the market, and undoubtedly transactions are held in check, if for no other reason than the fact that present prices are already very high.

December condition of winter wheat was low, only 69% of normal; for Oklahoma it was only 54%, indicating a crop of only 9 bu per seeded acre. With the recent favorable weather there has already been some improvement in the outlook, and the same is true of Texas and to a lesser extent of Kansas, which may also restrict bullish operations in the weeks ahead.

Primary receipts were slightly larger today, and amounted to 1,279,000 bu compared with 1,780,000 bu last week, and 970,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 691,000 bu.

There was never any weakness in any of our pits today; in fact, just the opposite was true, with further hedges removed, and moderate investment buying, but apparently of sufficient volume to take all three wheat futures into new highs for the year. Buying is predicated to some extent on the possibility of a good demand early in January when ordinarily milling trade drops off.

Rye futures were also very strong, and new high marks were made for the season. Oats and barley were firm, but because of the possibility of a rollback advances were less pronounced.

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CHICAGO 4, Ill. Dec. 31, 1943.

Another year is drawing to a close. Nature has again been very provident. Crop production was satisfactory from every point of view. Despite shortages of skilled men, of supplies and equipment, and taking into consideration the fifty-three principal crops, including fruits, our production was up 9%. In wheat alone this year's crop was about 13% greater than the ten-year average, (1932-41). We raised the second largest corn crop on record, and it was only 55 million bu below the record yield of 1942. The oat crop of 1,143 million bu was 12% greater than the average production in the ten-year period just referred to. In barley, it was far from a record, but, nevertheless, we raised one-third more than average. Rye was probably one exception to the rule, and the harvested acreage was below that of any year since 1936, but with a large carryover and some importations, we find ourselves with plentiful supplies on hand.

In making comparisons with World War 1, the situation is also relatively better. Supplies of grains have continued very large, chiefly because our exports have been small, and from 1939 to 1942 we shipped less than 30 million bu a year compared with an average of 174 million bu in 1914-17. The demand from our allies in the present conflict has been primarily for non-cereal foods. This, of course, has required a tremendous quantity of grain to be fed to livestock, and at the end of the present crop season our supplies will be cut down considerably. Despite the fact that we had sizeable reserves and heavy production, we have imported about 250 million bu of all grain from Canada during the calendar period. Production of wheat in the last four years averaged about 50 million bu above that in the 1914-18 period. Thus we have not only made available record quantities for feed, but we have also used a much larger part of our grain for industrial alcohol. Regardless of all this, we have not had to curtail the domestic usage of wheat or bread, as was the case in the other war. Looking ahead to next year, we can also be reasonably optimistic, for while the winter wheat crop started with a low condition of only 69% of normal, the increased acreage suggests that the wheat yield next summer will be about as large as the crop harvested this year. Nothing can be foretold as to the acreages of spring wheat, corn, oats, barley, etc., except that the high price which now prevails will undoubtedly be an incentive to farmers, and we have every reason to believe that, despite certain handicaps which are being encountered, they will continue to work long hours, and thus overcome minor hardships.

There is only one great mistake which we have made, and this has been our overzealous ambition to feed more animal numbers than we could afford. A correction, however, is already being made in this direction, and the hog and animal population is being reduced. This is particularly true with respect to the former item, and every packing plant in the country now is being taxed to capacity, since the hog-corn relationship is not nearly so attractive as it was a year ago. So we believe that in order to avoid a catastrophe, a smaller amount of wheat will be fed to animals in the future; at least, this is the hope of every patriotic American.

WE WISH YOU ALL A VERY HAPPY NEW YEAR.

UHLMANN GRAIN CO.